PAPERS

RESPECTING

THE NEGOCIATION

FOR A RENEWAL OF THE

EAST-INDIA COMPANY'S EXCLUSIVE PRIVILEGES.

London:

PRINTED BY ORDER OF THE COURT OF DIRECTORS, FOR THE INFORMATION OF THE PROPRIETORS,

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1812.

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No. I.

AT A

SECRET COMMITTEE OF CORRESPONDENCE,

The 5th October 1808.

READ a letter from the Right Honorable Robert Dundas to the Chairs, dated the 30th September, desiring to ascertain the opinion of the Court, as to the propriety and expediency of bringing forward, in the next session of Parliament, the subject of renewing the Company's Charter. No. I. Secret Committee, 5 Oct. 1808.

The Committee having deliberated thereon, agreed on the substance of an answer, to be further considered at their next meeting.

No. II.

LETTER *from the Right Honorable* ROBERT DUNDAS *to the* CHAIRMAN *and* DEPUTY CHAIRMAN, *noticed in the preceding Minute.*

GENTLEMEN, *Melville Castle, 30th September,* 1808.

The propriety and expediency of applying to Parliament for a renewal of the privileges of exclusive trade enjoyed by the East-India Company, with such modifications as may be deemed necessary, and for the continuance of the system of government in the British Territories in India on its present basis, but with such amendments, also, as the experience of its effects may appear to demand, having lately been the subject of frequent consideration and discussion, you will probably concur with me in opinion, that it is advisable now to ascer- No. II. Mr. Dundas's Letter.

 tain,

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No. II.

Mr. Dundas's Letter.

tain, whether the Court of Directors are desirous of agitating the question at present, and of submitting it, in all its details, to the early consideration of Parliament.

I have the honor to be, Gentlemen,

Your most obedient and humble servant,

(Signed) Robert Dundas.

To the Chairman and Deputy Chairman of the East-India Company.

No. III.

AT A

SECRET COMMITTEE OF CORRESPONDENCE,

The 12th October, 1808.

No. III.

Secret Committee, 12 Oct. 1808.

Agreed to the following draft of an answer to the letter of the 30th ultimo, from the Right Honorable Robert Dundas.

(Secret.)

East-India House, 12th October 1808.

Chairman & Deputy's Letter.

Sir,

We now propose to do ourselves the honor of replying to your letter of the 30th of last month.

From the communications we have at different times had with the Members of the Court of Directors, we are well assured it is the general sense of that body, that it will be for the interest of the Public and the Company, that the Charter should be early renewed. Convinced that this is their opinion, and apprehensive lest inconvenience might be produced, by setting this important subject afloat before it was in some degree matured, we have not thought it necessary formally to resort to the Court for a declaration of their judgment upon the question you are pleased to propose to us; but we have, in order to obtain what

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No. III.

Chairman & Deputy's Letter.

what we conceive to be, with the knowledge we before possessed, sufficient warrant to us to give an answer to your preliminary enquiry, laid your letter before a Secret Committee of Correspondence: and we are authorized to state it to be their opinion, as it is our own, not only that the interests of the Public, as well as of the Company, will be best consulted, by continuing the present system of Indian administration, but that it is material the Charter should be speedily renewed.

With respect to any modifications which you or His Majesty's Government may have it in contemplation to propose, we shall be happy to be made acquainted with them, and to bring them under the most serious consideration of this House. We can at present only state, that we trust there will be no disposition to introduce any change, that would alter or weaken the main principles and substance of the present system, which, in the opinion of the Company, is essential to the due management and preservation of British India; and that, with respect to minor points, as far as they may be really compatible with those essential objects, the Court will not be influenced by any partial views to withhold from them the fair consideration due to them.

Glad that you have seen it proper to bring forward this weighty subject, and desirous to be favored with your further communications upon it, as soon as may suit your convenience,

We have the honor to be, Sir,

Your most obedient humble servants,

(Signed) Edward Parry,
Charles Grant.

The Right Honorable Robert Dundas,
&c. &c. &c.

No. IV.

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No. IV.

AT A

SECRET COURT OF DIRECTORS,

Held on Wednesday, the 7th December, 1808.

No. IV.

Secret Court, 7 Dec. 1808.

The Chairman laid before the Court

Minutes of a Secret Committee of Correspondence, held the 5th October last;

Letter from the Right Honorable Robert Dundas to the Chairs, dated the 30th September last, referred to in the Minutes above-mentioned;

Minutes of a Secret Committee of Correspondence, held the 12th October last; and

Draft of a Letter from the Chairs to Mr. Dundas, dated the same day.

It was then, on a motion,

Resolved Unanimously, That this Court approve the proceedings of the Secret Committee of Correspondence, of the 5th and 12th October, and the Letter to the Right Honorable Robert Dundas of the last-mentioned date.

No. V.

AT A

SECRET COURT OF DIRECTORS,

Held on Friday, the 16th December 1808.

No. V.

Secret Court, 16 Dec. 1808.

Minutes of the 7th instant were read and approved.

Draft of a letter from the Chairman and Deputy to the Right Honorable Robert Dundas, offering some suggestions of a general nature, as the principal foundations on which a new agreement between the Public and the East-India Company may be placed, was read and unanimously approved, being as follows, *viz.*

SIR,

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Sir, *East-India House, the 16th December 1808.*

No. V.

Chairman & Deputy's Letter.

In consequence of a conference which we lately had the honor to hold with you, we have laid before the Court of Directors the letter which you were pleased to write to us, under date the 30th September last, on the subject of renewing the Company's Charter, together with the answer which we returned to that letter, on the 12th October following; and we are now instructed by the Court to state to you, that they approve of that answer, and are ready to enter with you, through the medium of their Committee of Correspondence, into a consideration of the various objects to which it may be proper to attend, in bringing forward so important a measure.

At the present moment it would, in the opinion of the Court, be premature in them, to proceed to any detailed specification of those objects, to which it may be proper, on the part of the Company, to attend, or to anticipate any discussions, which it may be the wish of His Majesty's Ministers to propose; but the Court beg leave to offer some suggestions of a general nature, as the principal foundations on which a new agreement between the Public and the East-India Company may be placed.

1st. The system by which the Legislature has continued to the Company the government of the territories acquired by it in the East, with a regulated monopoly of the trade, has been held by the most eminent persons conversant with that quarter and its affairs, to be the most expedient, both for the foreign and domestic interests of this country. Under it, those territories have been improved, and the security and happiness of the vast population they contain have been signally encreased. It is also a system which establishes salutary checks for the exercise of the authority lodged in this country over the Indian administration, and for all the local details of that administration, in its political, judicial, financial, and commercial departments; and provides with singular felicity for a succession of a body of able and honorable European servants, who yield in general character and utility to no class of public functionaries under the Empire. In like manner, the constitution of the Indian army has proved itself calculated to produce a body of officers of high military spirit, and of very distinguished skill and conduct. The Court, therefore, trust that no material change in this system;—no change which would affect its principles or impair its efficiency, will be proposed.

2. In

No. V.

Chairman & Deputy's Letter.

2d. In this case, it will be unnecessary to enter into any discussion of the right of the Company to the territorial possessions; a right which they hold to be clear, and must always maintain, as flowing from their acquisition of those territories, under due authority, and after long hazards and vicissitudes, and great expense.

3d. The situation of the Company is, at this time, very different from what it was at the last renewal of the Charter, in 1793. European war, with hardly any intermission, through the whole of the period that has since elapsed, has exceedingly encreased the expenses, and reduced the profits of the Company at home; and has likewise enlarged the scale of expenses abroad; where, moreover, wars with the Native Powers have been repeatedly carried on, to the vast accumulation of the Indian debt, now advanced from eight millions sterling, at which it stood in 1793, to about thirty-two millions. Without meaning at all to advert, in this place, to the question concerning the policy of some of those wars with the Princes of India; it is safe and proper to affirm, that they were not, in any degree, directed by the Executive Body of the Company, but proceeded from causes which that body could not control. As, in consequence of all the events which have happened since the year 1793, the benefits intended to the Proprietors of East-India Stock, by the Charter then passed, have not been realized; so the Court trust, that in the formation of a new Charter, due care will be taken to secure their proper share of advantage in any future amelioration of the Company's affairs, and especially that no measure will be adopted, which can have the effect of reducing the value of their capital stock. The dividend on that stock, which is only equivalent to the legal interest of money, is all that the Proprietors have ever received from the united sources of Indian revenue and Indian commerce, whilst the country has been enriched by the long continued influx of private wealth, and raised in the scale of nations by the political importance of the Indian empire.

4th. The liquidation of the Indian debt is, on all hands, agreed to be a measure of indispensable necessity. From the magnitude to which the debt has now risen, and the circumstances of the present unexampled time, the aid of the Public will probably be necessary to the attainment of this most desirable object. For the aid that may thus be afforded, the Court conceive that sufficient means of reimbursement from the Indian territory and revenue may be found;

and

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No. V. Chairman & Deputy's Letter.

and the arrangement of a plan, for these purposes, might, as the Court conceive, form a very material part of the provisions of the new Charter.

5th. To apportion duly between the Public and the Company the military expenses of the Indian empire, is another measure now become unavoidable. For wars growing out of the Indian system, or out of sources purely Indian, the revenues and other means of the Company were long made to suffice, including even the charges of occasional attacks upon the Indian settlements of European nations; but the influence of European war has, in the present protracted period of hostility, extended itself more and more to India, occasioning the expense of various distant expeditions, and the encrease of the military establishment, particularly in the European troops of his Majesty, which from being twenty years ago only a very few regiments, now amount to above twenty thousand men, and those of the most expensive description of troops composing the military force of British India: nor is it at all improbable, that from the avowed design of France to invade our Indian possessions, with great armies by land, it may be necessary still largely to augment our European force in that quarter. For a war of this description the Indian revenues, if unincumbered with debt, would be very inadequate. It would be an European war for European objects; a struggle between Great-Britain and France, on the soil of India, for the maintenance and support of their power in Europe. For such an object, to which the national funds only are commensurate, the national funds undoubtedly ought to provide; and as we know that, in this, we state only what your own mind has already perceived and approved, we the more confidently hope, that in a new Charter proper attention will be paid to the due regulation of so important a concern.

6th. As the early renewal of the Charter will serve to strengthen the hands of the Company in the transaction of their affairs, and improve their credit, so its renewal, for the like period as the present one run, and from the time of its expiration, would conduce to the same ends; and the Court are not aware of any objection to the proposition of this term.

We have the honor to be, Sir,

Your most obedient humble servants,

The Right Honorable Robert Dundas, &c. &c. &c.

(Signed) EDWARD PARRY, CHARLES GRANT.

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No. VI.

AT A

SECRET COURT OF DIRECTORS,

Held on Friday, the 13th January, 1809.

No. VI.

Secret Court, 13 Jan. 1809.

Letter from the Right Honorable Robert Dundas, dated the 28th December last, to the Chairman and Deputy, in reply to their letter of the 16th December, was read, *viz.*

Mr. Dundas's Letter.

GENTLEMEN, *Downing Street, 28th December* 1808.

In submitting to your consideration such observations as have occurred to me on your letter of the 16th instant, it is necessary that you should understand them to be merely preliminary, in contemplation of future discussions, and by no means as the result of any plan or projected system, matured in concert with His Majesty's confidential Servants. It will depend on the judgment which the Court of Directors may form on the propriety or necessity of adhering to the present system of their Indian trade and administration in all its parts, whether I shall be enabled to hold out to them any expectation, that their application to Parliament for a renewal of the Company's Charter will meet with the concurrence of Government.

I shall follow the order adopted in your letter, in respect to the subjects which you have particularly mentioned, and shall offer some additional remarks on any other important branches of the present system, in which alterations may probably be deemed indispensably necessary.

1st. Concurring in substance with the proposition contained in the first article, I shall not enlarge upon its details. I have not yet heard or read any arguments against the continuance of the system under which the British Possessions in India are governed, of sufficient weight to counterbalance the practical benefits which have been derived from it, in their increased and increasing prosperity, and the general security and happiness of their inhabitants.

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It is possible that the same effects might have been produced under a government immediately dependent on the Crown; but for the attainment of those objects, the experiment is, at least, unnecessary, and it might be attended with dangers to the Constitution of this Country, which, if they can be avoided, it would be unwise to encounter. Any alteration, therefore, which may be suggested in this part of the system, will probably be only in its details. It may, however, be deemed advisable, to extend the controuling authority of the Board of Commissioners to such proceedings of the Court of Directors in England, as are immediately connected with the government or revenues of the Company's territorial possessions in India, more especially if the suggestion contained in your fourth article should be adopted.

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Mr. Dundas's Letter.

2d. In the view which I have already taken of the proposition contained in the preceding article, it is certainly unnecessary to discuss the question of the Company's right to the permanent possession of the British territories in India. It is impossible that this right should be relinquished on the part of the Public, or that a claim can be admitted on the part of the Company, to the extent which has sometimes been maintained, and to which you seem to have adverted in the second article.

3d. It is equally impossible to acquiesce in *all* the reasoning; though I am perfectly willing to concur in the conclusion deduced from it in the third article. I think it very desirable, that no measure should be adopted, in the renewal of the Charter, which would have the effect of reducing the value of the capital stock of the East-India Company, and that due care should be taken to secure their proper share of advantage, in any future amelioration of their affairs; but as the law has regulated the mode in which those affairs, at home and abroad, should be administered, I cannot enter into the distinction which is stated in this article, and which I have met with on other occasions, as to the equitable claim of the Company to any remuneration from the Public, or other benefit, on account of wars, or other events which, as represented in your letter, did not originate in "the Executive Body of the Company, but proceeded from causes which that "Body could not controul."

It would be premature, in this stage of the discussion, to enter into any details, as to the proportion of benefit to be derived by the Company or the Public, respectively, from any future amelioration in the state of your finances; and

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—
Mr. Dundas's Letter.

and any contingent expectation of that nature must, at all events, be postponed, till a large portion of the Indian debt has been discharged.

4th. The liquidation of that debt is undoubtedly a measure of indispensable necessity, not only to the Company but to the Public. If we were now called upon to discuss the right of the Public to the territorial revenues which have been obtained in India, either by cession or conquest, it would be impossible to relieve the question from the fair claims of the Company and their creditors to a reimbursement of the expences which have been incurred, and the discharge of the debts which have been contracted, in the acquisition and maintenance of those possessions. Entertaining that opinion, and convinced that the liquidation of the Indian debt, in the most speedy and effectual mode, would be a measure of mutual interest and advantage, I do not suppose that your suggestion in the fourth article would be objected to by Government, provided the necessity, or at least the expediency of such an interference, on the part of the Public, is made obvious and apparent, and provided, also, that sufficient security is afforded for the punctual payment of the interest, and of an adequate sinking fund, for the liquidation of the principal of any sums advanced for that purpose. I need not remind you, however, that any such aid from the Public will be unavailing, and the relief afforded by it will be temporary and delusive, unless by the zealous exertions of your Governments abroad, and the minute and detailed investigation and unremitting attention of the Court of Directors, the ordinary expenditure in India, including the interest of debt, shall be brought within the limit of your annual income. The most sanguine expectations of a result even more favorable, and of a large surplus revenue above your ordinary expences in time of peace, have recently been conveyed to you by Lord Minto; but I trust that the Court of Directors will not be induced by those hopes, however well founded, to relax in their exertions. Every item of those, or any other estimates, which the Court may exhibit, must be strictly scrutinized and compared with the actual results of former years, and with the detailed account of any reductions which may have been ordered or carried into effect.

5th. I can have no hesitation in acceding, with some limitations, to the principle for which you contend in your fifth article. It is absurd and unreasonable to suppose, that the East-India Company, out of their own revenues, can long maintain a contest against the power of France, aided by the greater part of

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No. VI.

Mr. Dundas's Letter.

of Europe and a large portion of Asia. If the principal theatre of the war between European nations is to be transferred to Hindostan, it must be supported, to a considerable extent, by European resources; and if our empire in India is an object worth preserving, this country must contribute to its defence, against any attack of the description which we have been taught to expect. The extraordinary expences incurred in the necessary preparations for such a warfare, or in the actual contest, ought not, in justice, to be imposed as a burthen on the Company alone, even if they were able to sustain it.

6th. I am not aware of any reason for extending the duration of the Charter beyond such a limit, as, with the unexpired term, will be equal to the period granted in 1793; but I state this merely on the first consideration of the subject: and if the general question is to be discussed, I shall pay due attention to any suggestions which the Court may think it right to offer on that particular point.

Having thus adverted, at greater length perhaps than was necessary, to the various topics introduced into your letter, I shall proceed to state such observations as appear to me necessary to be submitted to the consideration of the Court of Directors, for the purpose of enabling them finally to decide, whether, under the circumstances of the present situation of the Company's affairs, and of the expectations which will probably be entertained by the Public, and sanctioned by Government, they will adhere to their intention of applying now to Parliament for a renewal of the Company's Charter.

It will readily occur to the Court, that whenever an opportunity is afforded of deciding in Parliament on the propriety of continuing in the Company any privileges of a commercial nature, it will be important to consider, whether the system established by the Act of 1793, for the trade of private individuals between Britain and India, has answered the expectations, or fulfilled the intentions of the Legislature. It is wholly unnecessary for me, at present, to enter into any detail of the various discussions which have taken place on that subject. The arguments on both sides of the question must be familiar to the Court, and the opinions of those persons who have turned their attention to it have, in all probability, been long since fixed and settled: it is fit, therefore, that the Court should now understand distinctly, that I cannot hold out to them the expectation, that His Majesty's Ministers will concur in an application to Parliament for a renewal of any privileges to the East-India Company, which will prevent British merchants

No. VI.

Mr. Dundas's Letter.

merchants and manufacturers from trading to and from India, and the other countries within the present limits of the Company's exclusive trade (the dominions of the Empire of China excepted), in ships and vessels hired or freighted by themselves, instead of being confined, as at present, to ships in the service of the Company, or licensed by the Court of Directors. In the detail of any legislative provisions which it might be expedient to enact on this subject, it would be absolutely necessary to guard against the abuses which would arise, from facilities thus afforded to persons attempting to settle and reside in the British territories, without a license from the Company, or without the sanction or knowledge of the local Governments.

There are various other points to which it would also be necessary to pay due attention, not only as being important to the Company and to the general trade of the country, but essential to the security and easy collection of the public revenue. It would obviously, however, be premature, on this occasion, to enter into any further detail, and I have confined myself to a mere statement of the general proposition.

Another point, which would probably be deemed indispensable, is an alteration in the military system in India, for the removal of those jealousies and divisions, which have unfortunately been too prevalent, between the different branches of the military service in that quarter, and which must, at all times, be highly prejudicial to the public interest; and for the correction of the anomalous system of divided responsibility, which prevails at present in this country, in every thing that relates to the military defence of India. The only effectual remedy for these evils will, probably, be found in arrangements for consolidating your Indian army with the King's troops, founded upon the plan so strongly recommended by Lord Cornwallis, with such modifications as the actual constitution of your service may render expedient or necessary. These arrangements need not be attended with any alteration in the system of promotion now in operation among the officers of the native branch of the service, or with any diminution (they might more probably produce an increase) of any other professional advantages which those officers now enjoy; neither would they, in any degree, interfere with the general authority now possessed by the Court of Directors and the Governments in India over all His Majesty's forces serving in those parts, or with their controul over all disbursements of a military nature. I am, moreover, not aware of any reason against continuing in

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in the Court of Directors the nomination of all cadets, destined to hold commissions in the Indian army. No. VI.

Mr. Dundas's Letter.

Having thus stated to you, for the consideration of the Court of Directors, the principal points to which I was desirous of drawing their attention upon this occasion, I have only to assure you, that it will be the earnest desire of His Majesty's Government, to suggest to Parliament such a system only, as shall be conformable to the principles on which the regulations of 1784 and 1793 were founded, as will secure to this kingdom all the benefit that can practicably be derived from its trade with our possessions in India, and to the natives of those countries a government, and an administration of laws, suited to their customs, habits, and prejudices, and consistent with the British character, and which shall also be strong and efficient, without adding unnecessarily to the authority of the Executive Government at home, or increasing, to any dangerous extent, the influence of the Crown.

I have the honor to be, Gentlemen,

Your most obedient humble servant,

To the Chairman and Deputy Chairman of the East-India Company. (*Signed*) Robert Dundas.

Draft of a proposed letter, in reply, prepared by the Committee of Correspondence, was also read.

Resolved, That the said draft be taken into consideration on Tuesday next, the 17th instant.

No. VII.

AT A

SECRET COURT of DIRECTORS,

Held on Tuesday, the 17th January, 1809.

The draft of a proposed letter to Mr. Dundas, which was read the 13th instant, being again read; No. VII.

Secret Court, 17 Jan. 1809.

Resolved unanimously, That this Court approve the said letter.

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No. VIII.

LETTER *from the* Chairman *and* Deputy Chairman *to the Right Honorable* Robert Dundas, *noticed in the preceding Minute.*

No. VIII.

Chairman & Deputy's Letter

SIR, *East-India House*, 13*th January* 1809.

The letter which you did us the honor to address to us, on the 28th of last month, on the important subject of a renewal of the Company's Charter, has received the most serious consideration of the Court of Directors, and we are, by their unanimous resolution, instructed to submit to you the following answer to it.

The Court having, in the letter which we had the honor to address to you on the 16th of last month, thought it sufficient to sketch the outlines of those principles and propositions which should, in their opinion, form the basis of a new Charter, and the reply you have been pleased to make to it, declaring the same intention of stating observations merely preliminary, and "not the result "of any plan, or projected system, matured in concert with His Majesty's "confidential Servants," our present letter will abstain from any discussion of minor points, those especially relating to the proceedings of the Court of Directors with servants of the Company returned from India, to which article your letter is understood to allude; and likewise from some other points, connected with the exercise of their authority at home, which may be found to require revision and modification. Neither can it be necessary to go now into the subject of Indian Expenditure, although it is impossible, after the notice taken of it in your letter, to omit saying, that the Court feel with the liveliest solicitude, how indispensable it is to reduce that article far below the income, and are determined to act accordingly.

The attention of the Court will, therefore, be confined, at present, to two propositions of the highest importance, contained in your letter; the one suggesting such an enlargement of the trade of individuals with British India, as shall admit into it indiscriminately the merchants and the ships of this country; and

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and the other, the transfer of the Company's Indian army to His Majesty. If these propositions had not been accompanied by the declaration with which your letter concludes, they would have filled the Court with the deepest concern; but you are pleased to close the whole of your observations with an assurance, "that it will be the earnest desire of His Majesty's Government to suggest to "Parliament such a system only, as shall be conformable to the principles on "which the regulations of 1784 and 1793 were founded, as will secure to this "kingdom all the benefit that can practicably be derived from its trade with "our possessions in India, and to the natives of those countries a government "and an administration of laws, suited to their customs, habits, and prejudices, "and consistent with the British character, and which shall also be strong and "efficient, without adding unnecessarily to the authority of the Executive "Government at home, or increasing, to any dangerous extent, the influence "of the Crown." Satisfied, by this declaration, that His Majesty's Government understand the interests of this country and of British India too well, to intend any alteration that would subvert or endanger the system by which those vast possessions have been acquired, governed, and improved, and by which alone they can be held, to the mutual benefit of their immense population and of the paramount state, the Court must, of course, believe, that the propositions which have just been quoted, are supposed to be compatible with the continuance of that system, or reducible to a consistency with it. These suppositions the Court are now called upon to examine, and they will endeavour to do so with the respect due to the authority with which they have to treat, with the duty which they owe to their constituents, and with that regard for the interests of their country, which they do not intend, nor feel themselves required to sink, in supporting the integrity of the present Indian system.

If either of the two propositions, respecting the Indian trade and the Indian army, were to be acted upon, in the sense which the terms of it seem obviously to convey, the Court have no hesitation in declaring their decided conviction, that it would effectually supercede and destroy, not merely the rights of the East-India Company, but the system of Indian administration, established by the Acts of 1784 and 1793; and with respect to the latter proposition, for the transfer of the native army, it appears to be incapable of any modification, which would not still make the overthrow of the present system the certain

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With respect to the Private Trade, the Company are not governed by narrow considerations of commercial profit or commercial jealousy; and, in fact, the Indian trade, as an object of gain, has gradually ceased to be of importance, either to the Company or to individuals. The admission into it already accorded to British residents in India, with the prodigious increase of the cotton manufactures of Europe, the changed circumstances of the European Continent, and the almost incessant wars which have prevailed for the last sixteen years (wars still without any near prospect of termination) have reduced the value of that trade to a very low point. The Court are actuated by a thorough persuasion, that the unlimited freedom, for which some persons have, of late years, contended, would have political consequences more injurious to the power of this country and of British India, than the advantages anticipated by sanguine minds, from an enlargement of the commerce, could compensate, if those advantages were to be realized; and that, moreover, the expectation of such advantages is unfounded, resulting from general presumptions, which are contradicted by the nature of the Indian people, climate, and productions, and by the experience of more than two centuries.

In any scheme of intercourse, purely commercial, between this Country and India, the leading objects must be to export as many as possible of our home manufactures, and to import those commodities, which would either beneficially supply our own consumption, or the demand of other countries, European or Transatlantic: and it is, no doubt, imagined by many persons, that if the trade to India were perfectly free, these objects could be attained, in a degree extending far beyond its present scale. The ardour of individual enterprize, it will be thought, could find out channels, which the settled routine of a Company cannot explore, and carry on commercial operations more economically and expeditiously than suits with the habits of monopoly, whilst our most active rivals in the Indian trade would thus be best counteracted. The present times, it will also be said, peculiarly demand new attempts and discoveries

discoveries in commerce, and His Majesty's Government may very naturally wish, at such a crisis, to procure for the country every possible facility for the exertion of its commercial spirit, and the employment of its commercial capital. But before a change in its principle altogether novel, and obviously connected with national interests of the highest importance, is adopted, it ought to be seen, not only on what rational grounds the expectation of advantages entertained from it rests, but to what consequences so material a change might expose the country and its Indian dependencies.

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Now, with respect to the benefits supposed to be derivable from opening the trade with India, it is, in the first place, to be observed, that no material enlargement, if any enlargement at all, is to be expected in the exports of our manufactures to that quarter. The records of the Company, for two centuries, are filled with accounts of their endeavours to extend the sale of British products in India, and of the little success which has attended them. The French, Dutch, and other European nations trading thither, have equally failed in introducing the manufactures of Europe there. This was not owing to their trading chiefly in the form of Companies: the Americans, who within the last twenty years have entered into the Indian commerce, and traded largely, not as a Company, but by numerous individuals, each pursuing his own scheme in his own way, in which course no part of the East is left unexplored, carry hardly any European manufactures thither, their chief article for the purchase of Indian goods being silver; and such has been the state of the trade from Europe to India since the time of the Romans. This state results from the nature of the Indian people, their climate, and their usages. The articles of first necessity their own country furnishes, more abundantly and more cheaply than it is possible for Europe to supply them. The labour of the great body of the common people only enables them to subsist on rice, and to wear a slight covering of cotton cloth; they, therefore, can purchase none of the superfluities we offer them. The comparatively few in better circumstances, restricted, like the rest, by numerous religious and civil customs, of which all are remarkably tenacious, find few of our commodities to their taste, and their climate, so dissimilar to ours, renders many of them unsuitable to their use; so that a commerce between them and us cannot proceed far upon the principle of supplying mutual wants. Hence, except woollens, in a very limited degree, for mantles in the cold season, and

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metals, on a scale also very limited, to be worked up by their own artizans for the few utensils they need, hardly any of our staple commodities find a vent among the Indians; the other exports which Europe sends to India being chiefly consumed by the European population there, and some of the descendants of the early Portuguese settlers, all of whom, taken collectively, form but a small body, in view to any question of national commerce.

What is here said does not relate only to those parts of India where the Company have settlements or factories, but to all the shores that embrace the Indian Seas, from the Gulfs of Persia and Arabia to the Eastern Archipelago. Many advocates for a free trade may suppose, that in so vast a range, numerous positions, favourable for the vent of European commodities, are still unexplored; but they are not aware, that in the British settlements, which themselves extend on the west to Cambay, and on the east to China, there are a number of merchants, native and European, who carry on what is called the coasting trade of India; with great spirit, sending their ships to every mart, insular or continental, where any profitable commodities can be either sold or bought. At all those marts, European commodities have been tried by the enterprize of individuals. The little demand that has been found for them has been supplied; and residents, settled in India, can carry into such parts the trade in European commodities, which it is now open to them to receive from this country, with more facility and advantage than merchants settled in England.

To these facts and observations, arising from the nature and circumstances of the people and countries of India, one remarkable argument may be added, furnished by our own experience at home. In the Charter of 1793, provision was made for the export of British manufactures to India, by any individuals who might choose to embark in that trade. The Company were required to find them tonnage to a certain extent, which has always been allotted at a rate of freight cheaper outward, as well as for the returns, than the Company themselves pay, or as the Court think, than private ships could furnish it. But, in all the time that has elapsed since, very few applications, and these to a small extent, have been made, for leave to export the woollens, metals, and other staples of this country, on private account, the chief applications having been for the freight of wine, for the consumption of Europeans: and this is not properly a British production, nor is it so much an increase in the trade, as a transfer of it to the

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private merchants from the commanders and officers of the Company's ships, part of whose advantage used to arise from being the carriers of this commodity.

All these circumstances, to which other corroborations might be added, the Court trust will fully evince, that the entire opening of the Indian trade to the merchants of this country, would not, in reality, extend in any considerable degree, if at all, the consumption of British manufactures.

Let it be inquired, in the next place, whether the adoption of so great a change in our Indian system, would be followed by the discovery of such new and valuable productions of the East, as would serve materially to augment the trade of this country with the Continents of Europe and America; for, with regard to the supply of our home consumption of Indian commodities, it cannot be asserted, that the importations already made by the Company and individuals do not abundantly suffice for it, or may not, at any time, be extended to the exigencies of the market; in which, it may be noted, that a preference is given to the cotton and silk manufactures of our own country, and to some of the tropical productions brought from our West Indian Colonies. Nor can it be asserted, that new adventurers in the Eastern trade, fitting out from Great Britain, could, with any profit to themselves, furnish the home consumption on cheaper terms than it is now supplied; for both the Company, and British individuals resident in India, must have an advantage over such adventurers in the provision of goods there (British residents in the freight also), and yet, of late, the great Indian staple of cotton piece goods has been a losing article in this country.

Now, as to the productions of India valuable for foreign commerce, the trade of Europeans, of different nations, to all parts of it, in the course of the last three centuries, may well be presumed to have left little for discovery in that way. The Portuguese, who, in their early time, spread themselves along all the shores of the East, explored every considerable part of it, and they were followed by the Dutch, English, and French Companies, with their numerous establishments, some of which extended inland to the Upper India. But the modern European merchants, resident in the East, who have long been the chief navigators and adventurers in what is called the coasting trade, have become well acquainted with the commercial capacity of every region washed by the Indian Seas; so that many countries supposed here to be little known, because little

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visited by the ships of Europe, are familiar to them, and whatever articles those countries furnish, valuable for the commerce of the West, are already conveyed, through the medium of private or foreign trade, to Europe.

The chief commodities suited to the European market, which India has hitherto been found to produce, are spices, pepper, drugs, sugar, coffee, raw-silk, saltpetre, indigo, raw cotton, and above all, cotton manufactures of singular beauty and in endless variety. These last have, as already intimated, formed, from time immemorial, the grand staple of India; but from the rise and excellence of similar manufactures in Europe, particularly in our own country, and from the general impoverishment which wars and revolutions have brought upon the Continent of Europe, with the obstructions opposed, in much the greater part of it, to our commerce, the consumption of the fine fabricks of India has considerably decreased, and it is not likely that it can be restored to its former standard. Spices, sugar, and coffee, have been furnished chiefly from the Moluccas and Java, Dutch islands not in our possession, not, in a commercial view, worth the expense of conquering and keeping them. The cinnamon of Ceylon, now ours, may be brought, in sufficient quantity for the supply of all Europe, in one or two of the Company's ships. Pepper is a very losing article. Sugar has been, of late, imported from our territories; but the necessary expense of conveyance from so great a distance, prevents it from being profitable, and it can be much encouraged only at the expense of our West-India colonies. Raw-silk and indigo, now produced in great perfection in Bengal and its dependencies, have been brought to that state, by the expense incurred, and the support afforded by the Company. Both are articles occupying little space, in proportion to their value. The factories where the former is collected and prepared are in the hands of the Company, who have, in the course of many years, established them with great labour and expence. They can furnish not only all the raw-silk this country requires, but much for the consumption of the Continent, if it was possible to bring it there into competition with the raw-silk of Italy, and the tonnage already employed by the Company is quite sufficient for its importation from India. The indigo produced in Bengal and the adjacent Provinces is equal, probably, to three-fourths of the demand of all Europe, and may easily be raised to the whole demand; but the manufacture of this article is entirely, and the trade in it chiefly, in the hands of individuals,

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who need and require no shipping from this country, except what the Company provide, to convey to Europe, all that Europe can consume of it. Saltpetre, furnished only from Bengal, is, for political reasons, prohibited to foreigners, and exported exclusively in the ships of the Company: for the same reasons, it could never be prudent to allow the private ships of this country to carry it away at pleasure. Where then is the scope for the admission of new shipping and new adventurers, without limitation, into the trade of India with Great-Britain? In general, it may be observed, that the commodities which have hitherto come from that country, in a state prepared for use, such as the great staple of cotton piece goods, being articles of luxury, can have only a limited consumption, and that the demand for them could not be encreased, at all in proportion to the number of new competitors that should enter into the trade. The same may be said of all kinds of spices and drugs, which, from their nature, have a limited consumption; and, with regard to the important articles of raw-silk and indigo, which require a further preparation before they are used, there is already abundant provision made for their importation, to the utmost extent of demand.

There remains then to be considered, of all the commodities above enumerated, only the raw material of cotton; and to this may be added another, of high importance, which India is in time likely to produce abundantly, namely, hemp. Now, with respect to the former of these, the Company have formerly imported it, and permitted private merchants to do so; but it was found, that the cotton of India could not enter into competition with that produced nearer home, in the Brazils, the West-Indies, and North America. Of late, since the interruption of our trade with the last mentioned country, the Company have themselves commissioned cotton from India, and have been willing to encourage individuals to export it from thence; but that it can support a competition with the cotton of Georgia, when the American embargo is taken off, or become an article of extensive demand in this country, supplied with it from so many nearer quarters, is not very likely. The culture of hemp in India is yet in its infancy. A change in the circumstances of Europe may check it; but if it is not checked, years must elapse, before the quantity produced can form a considerable article of exportation. And with regard to both these commodities of cotton and hemp, it is to be observed, first, that cargoes for Europe cannot be composed of them only, some other, more ponderous for its bulk, being necessary for dead

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weight, and sugar, almost the only article of this nature that India can supply, must generally be rather a losing one: secondly, it is to be observed, that the private ships ready to be employed in India, must be abundantly sufficient for the supply of all the tonnage that can be required for these articles, which could hardly absorb any very large amount of capital. Thus, then, it is also apparent, that the country and productions of India afford no new field of importance for the commercial enterprize of the merchants of Great Britain.

But were it indeed otherwise, where, in the present circumstances of the European Continent, could new commodities, imported into this country from India, find a vent, when many of those already made, and of articles which the Continent used to take off, remain in our warehouses? And hence may appear the inapplicability of that argument, which has sometimes been urged in favour of enlarging, or rather opening the Indian trade to individuals, "that "they should be allowed to bring home *the surplus produce of India* which the "Company did not require." There can be no room for additional importations, when the ordinary scale proves too large. But in the use of this plausible plea, respecting *surplus produce,* there was always a great fallacy. It seemed to imply, that there was a stock of commodities in India which continually remained undisposed of, whereas nothing is more evident, than that the productions of any country will be regulated by the demand, and that no agriculturists or manufacturers will go on from year to year to produce that for which they have no sale. The term, as connected with the Company, might also convey the idea, that *they* were the only purchasers in the country; whereas, at that very time, British residents and foreign nations had the privilege of exporting goods to the western world, and there was a great coasting and internal trade from one part of India to another. But the argument for permitting individuals to export the surplus produce, included fully, though not professedly, the principle of transplanting British capital to India, in order to raise produce there; a principle which, it may be thought, this country has already carried sufficiently far in its other distant dependencies, and which could not be applied to India without political consequences.

But it has been alledged, that the refusal of the Company to make a concession, which appeared to them to be claimed on unsound premises, and to be pregnant with danger, threw that trade, which might have been brought into the

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the Thames, into the hands of foreigners, particularly the Americans, whose great progress in the Indian trade, of late years, has been charged to an erroneous policy on the part of the Company. Nothing can be more mistaken than the whole of this statement. Several European nations having from the native sovereigns of India the right of possessing settlements and carrying on trade there, a right which we had confirmed, we could not interrupt the exercise of it whilst they remained at peace with us; nor, therefore, divert from them whatever portion of the trade their means enabled them to embrace. And, with respect to the Americans, they owe their advancement and success in the Indian trade to the treaty made with them by our Government in 1794, to the belligerent state of Europe since that time, and, above all, to the neutral character they possessed, which enabled them to navigate more cheaply, more expeditiously, as well as more safely than our merchants or the Company could, and to supply many parts of the European Continent and of South America, to which our ships had no access. These, with the increase of the consumption of eastern commodities among themselves, are the true causes of the growth of the American trade with India; and even the abolition of the Company's privileges would not have transferred the share they acquired of it to our merchants, because it could not have lessened the advantages under which the Americans then carried it on, nor have gained us either the supply of their internal demand, or admission to many ports which were open to them. What the Company could do, in the way of regulation, to reduce the inequality between the American traders and our own merchants, you know, Sir, was effected, as soon after the expiration of the treaty of 1794 as His Majesty's Government thought expedient.

Among the speculations of the present day, the idea may perhaps be suggested, of carrying the productions of India directly to the ports of Portuguese and Spanish America; and eagerness for relief from the pressure which our commerce now feels, may be ready to make so great a sacrifice of the navigation laws. But such a measure would essentially exclude the mother country from being the medium and emporium of our Indian trade; and whilst it served to enrich India, rather than Britain, would facilitate the progress of the former to independence. If, however, so dangerous an innovation were not adopted into our commercial code, it is altogether probable that English ships, admitted without limitation into the Indian Seas, would take the liberty of sailing to those

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markets which would be thought the most promising; so that, in effect, the opening of the Indian trade would be not solely or chiefly for this country alone, but for other, perhaps for all parts of the world.

Having thus shewn, that the opening of the Indian trade to the subjects of Great Britain could not materially increase, either the export of the manufactures of this country, or its commerce in the productions of India, it will next be proper to consider, what the effects of the proposed change would be upon the East-India Company and upon British India.

And, in the first place, it would, in substance and in form, entirely abolish the qualified monopoly which the Company still enjoys of the Indian trade. The admission of all private merchants, at their pleasure, and of their ships, into that trade, would make it as perfectly free as the trade to our American or West-Indian colonies. There would, as to India, be an end of all exclusive privilege of trade. This would not be any modification of the Act of 1793, but an essential departure from it. That act permittted only the export of British manufactures, and intended only to provide for the returns to them, and for *the remittance, in goods, of British fortunes from India; both on the ships of the Company*. The proposed measure must, in the nature of it, make the trade from India not merely a vehicle for the remittance of fortunes acquired there, or the produce of British manufactures, but a general trade; and what is a still more radical change, instead of a limited amount of tonnage not incompatible with the Company's system, it admits all ships, without any limitation, or option on the part of the Company: it throws all India open to those ships, and thus sets aside the Company from being the sole channel and medium of the trade, through their own shipping, or shipping engaged by them, which completely divests them of the last remnant of exclusive privilege in that trade.

It would be no argument to say, that in a trade, by which they now gain little, they might admit, without much sacrifice, the rest of the commercial world to share. The loss of the Indian monopoly, such as it was left by the Act of 1793, would lead, by no slow process, to the entire subversion of the Company, both in their commercial and political capacity, and of that system which the Legislature has appointed for the government of British India, of which system the Company forms an integral and essential part.

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If the Indian trade were thrown open, ships would, at first no doubt, swarm into it, and there would be a ruinous competition in the markets, both abroad and at home. Goods would be enhanced in cost there, as well as deteriorated in quality: the selling prices at home, already too low, reduced still lower, and the market overstocked. This was the effect, in some measure, produced by throwing open the trade in the time of Oliver Cromwell, who, after the experience of a few years, revived the Company. The same effect followed from the collision of the Old and New Companies, in the beginning of the last century, which forced them to unite, and their union received the sanction of Government. It is not sufficient to say, on this head, that increased demand abroad will produce increased supply, and the diminished price of goods at home increase the sales, so that things will, at length, in both countries, find their due level. From the nature of the Indians and their division into castes, it is not so easy among them, as in Europe, to meet an increased demand by increased production; and it is still less easy, when they can subsist by furnishing things of low or ordinary quality, to make them aim at excellence, which the supposition of increased sales at home would require. But of such an increase, in the present and prospective state of the trade in Indian imports, enough has been above said to shew the improbability; and before that supposition could, in any case, be realized, the ruin of the parties immediately embarked in the trade (a trade so distant, requiring large capitals, and making slow returns) might be completed, with the ruin also of the Company, whose establishments would have been deranged by this great change. If the change itself did not occasion the fall of the Company, the disappointments which the private adventurers could not fail to experience would, by them, be charged to the influence of the remaining privileges of the Company, and they would not rest until the whole were extinguished. But it may be observed here, and it is an observation which might be urged more formally and fully, that although the Company have the justest claim to those territories, which the powers vested in them by the laws of this land, the ability of their servants, and the hazards they have encountered, have enabled them to acquire, and that this right was never questioned, until the acquisitions, and consequently the merit of making them, became great; yet that, in a more peculiar sense, all the principal marts and factories of British India are their property, acquired in their purely commercial period, either with

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their money or by grants from the native princes of the country, and that the power of admitting settlers and traders to them strictly belongs to the Company.

One part of the present system, and a beneficial one for all parties, is to have only one place of sale for Indian goods, that is London; to make all sales by public auction at stated periods, and these sales to be regulated and conducted by the Company. With the proposed enlargements, it would seem hardly possible to continue that practice. Different towns would have their own sales, at their own times. Individuals might frequently chuse to dispose of their goods by private bargain. The general resort of buyers which the sales were wont to bring to London, a resort often productive of other commercial speculations, would thus be at an end; and the benefit derived from public auction, when that was the sole mode, would be lost, in the midst of many private sales and competitions: but to dispose of the goods of the Company by private negociation, might open a door to many abuses, which would render that mode totally unsuitable for their business. The Company, with such a competition, could not go on to purchase the goods of India. With the cessation of their Indian trade, their Indian subordinate factories, which have been reared in the course of more than a century, and which are the seats of the best manufactures produced in the country, must be abandoned, and all the commercial branch of their civil servants be thrown out of employ. Their purchases of goods at home, for the Indian market, must also cease, with the circulation of money which has enabled them to support their credit in England, and to provide for the payment of bills, which it has been long and necessarily the practice to draw on them from India; a practice which, under such a change of circumstances, could not be continued: and, in general, the great aid which the political affairs of British India have, at all times, derived from the commercial credit and resources of the Company, with the reciprocally beneficial co-operation of the different parts of the Company's system, must thus be destroyed. In like manner, the Company must cease to employ the numerous class of excellent ships they have engaged for the Indian trade, ships constructed for warlike defence as well as for commerce, and rendered expensive only, by being necessarily destined and fitted for the performance of political services. Those ships the Company have contracted to employ for the term of their duration: there is a large capital embarked in them, and they can be employed in no other way than in that for which they were built.

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When they can no longer be kept up, the means of conveyance they have hitherto so well afforded for troops, and the large supplies of naval and military stores annually sent to India, must be lost. No. VIII. Chairman & Deputy's Letter.

But there is no reason to believe the evils would end here. The monopoly of the China trade, which it is proposed to continue, would not be safe. British ships, when permitted to range at pleasure through the Indian seas, however interdicted from that trade, would attempt to participate in it either by resorting to it as the country ships do, under color of carrying on the coasting trade, or by other means obtaining teas, and the other productions of China, at the most convenient Indian ports. Love of gain, disappointments in other ways, the hope of impunity, would stimulate their conductors to break through restrictions imposed in this country. British subjects, who now navigate the Indian Seas, sail from some one of our established settlements there, and are amenable to the laws of it: it would not be so with men having no domicile in India. In ranging the numerous islands and coasts of the Eastern Seas, where they would be unknown, and whence they could not be followed to England by complaints, the probability of impunity might tempt them to commit upon the weak natives, accustomed to repose confidence in Englishmen, acts of injustice and licentiousness, which would wound the national character, raise complaints throughout India, and set the people against us. In this manner the Portuguese formerly rendered themselves odious in the East, and contributed to the downfall of their own power. In China, where the effects of such a spirit would be most to be feared, we could exercise no authority, sufficient to controul men not within the reach of the Indian Governments, or to defeat their schemes and associations for eluding the laws. Practice would embolden them, and time increase their numbers. It is hardly conceivable they would not venture upon irregularities which would offend the Chinese Government, who, whilst the delinquents escaped to England with impunity, would doubtless take satisfaction of the national factory; and the pride and jealousy of that government, alarmed by repeated instances of this nature, from the desultory visits of a new order of Englishmen, insubordinate to the representatives of the nation, might determine to dismiss the whole together. If this extreme case be not supposed, which however is too probable and too momentous in its consequences to be hazarded, can it be doubted, that whilst the duties on tea continue at even the fourth

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part of what they are at present, private English ships adventuring to the eastern seas will not, by means of country vessels and intermediate ports, if by no other means, procure teas, and revive the practice of smuggling them into this kingdom? The consequence seems inevitable, and the ships of our own country, especially if allowed to chuse their port of discharge, as the proposed change seems to require, would have facilities, which those of foreign Europe or America could not command. In these ways, the China monopoly of the Company, reduced in its profits, would be rendered likewise insecure, and in the end untenable; and the noble fleet of ships, employed in that trade by the Company, must be also laid aside. How the immense revenue, now derived by Government from the very high duties on tea, could, under such circumstances, be realized, or a substitute found for them, may be an important, and, to all appearance, a most difficult subject of enquiry.

But a more serious consequence than all these would still remain. A free trade to India would, unavoidably, draw after it the residence of numerous and continually increasing Europeans there, whatever prohibitions might, at first, be opposed to their settling in the country. When all restraint to the importation of ships and goods is taken off, men must be allowed to follow their property, and to remain at the place where they land it till they have disposed of it: they must be allowed to navigate the Indian Seas, and to return to the same place when their business calls them: they will thus, insensibly, and with hardly reasonable grounds for opposition, domiciliate themselves; nor would an unsuccessful trade prevent them, but many would seek to indemnify themselves on shore for their losses by the voyage. The instances of such settlements will be numerous, and it will be impossible for any police to follow up the cases of individuals, and continually to exercise a rigorous system of exclusion. This has not hitherto been done, though attended with comparatively little difficulty; and the attempt would soon, under the new order of things, be abandoned as hopeless. Colonization must, in such case, follow. Large communities of Europeans will struggle for popular rights: new feelings with respect to the mother country, new interests and attachments will then spring up; and in a region so remote, so rich and populous, and so accustomed to yield to the ascendancy of the European character, the tendency and process of these things cannot be difficult to conceive.

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With the prospect of all these consequences, commercial and political, before the Court, it is impossible that they, as faithful guardians of the interests committed to their care, or as men truly solicitous for the welfare of their country, which they profess themselves to be, can advise their constituents to seek a renewal of their Charter, on conditions which would despoil it of all its solid advantages, deprive the Company of their most valuable privileges, and incapacitate them from performing, for themselves and the nation, the part hitherto assigned to them in the Indian system. Such a further enlargement of the Indian trade, in favor of individuals, as may be compatible with the preservation of these essential objects, the Court will, in present circumstances, certainly be disposed to recommend. They will be ready to enter into a serious inquiry concerning the concessions which may be made, without trenching upon the principles established by the Act of 1793; and they trust that the justice and wisdom of His Majesty's Ministers will not require the Company to make essential sacrifices, for the sake of giving to the Public what would, after all, be more an ideal than a real benefit, and be, in other respects, productive of incalculable disadvantages.

The other important proposition which is next to be considered, is the transfer of the Indian Army to the King. The reasons assigned for this proposition are, that an end may be put to the jealousies and divisions which have too much prevailed, between the officers of His Majesty's army and those employed by the Company, and that the responsibility in the country, of providing for the military defence of India, may be ascertained and strengthened.

The Indian army is the main instrument by which the Company have acquired and retained the territorial possessions they have added to the British Empire. The people of these countries submitted more easily to an authority exercised by means of a body formed from among themselves. We fought battles and governed provinces as the native powers did; and our new subjects, undisgusted with the sight of a foreign conquering army, supposed the government to continue substantially the same, and the principal change to be in the individuals who exercised it. The constitution and character which this Indian army has acquired, have been the subject of just admiration. These have been owing, essentially, to the happy mixture of bravery and generosity, of firmness and kindness, exercised towards the Sepoys by their European officers. The superior

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Chairman & Deputy's Letter.

lights and energy of the European character have directed the powers and conciliated the prejudices of the native troops; but it was because the officers knew the people and their prejudices well. These officers had been trained up among them from an early age: the nature, the usages, and the language of the natives, were become familiar to them; and the natives, remarkably the creatures of habit, in return, from being accustomed, became attached to them. Without such knowledge, however, on the part of the officers, they might every day have revolted the minds of so peculiar a race, and have alienated them from our service and government.

An Indian military education, from an early age, is essential to the formation of a good Sepoy officer, and gradual rise in the service by seniority, is no less indispensable. In this way, the Indian army has been constituted and rendered eminently efficient; and all measures, tending to change or weaken the constituent parts of this fabrick, are to be deprecated. When, excepting a few regiments of European artillery and infantry, the whole military force of British India was composed of Sepoy corps, the officers of that army, of course, possessed entire the emoluments and advantages which the service afforded. The introduction of European troops from His Majesty's army into India altered this state of things. Young officers, of no Indian experience, who had obtained their commissions by purchase, took rank of men of long and tried service: the King's officers were thought to come in, also, for too large a share of employments and advantages. To redress the complaints which the Company's officers made of supercessions and partialities, and to give them a better share of the benefits of the service, was the leading object of Lord Cornwallis's Military Plan of 1794, and with him a principal motive for proposing to transfer the Indian army to the King, no other practicable means having then occurred to him. But the object was, in substance, attained by the Military Regulations of 1796, passed in concert with His Majesty's Government, without that transfer, of which his Lordship did not revive the idea on his last return to India, those regulations having given increased rank and retiring pay to the officers of the Company's army. The causes of complaint, however, did not entirely cease. To avoid the collision of authorities, the Company had adopted the usage of appointing the Commander in Chief of the King's troops, also their Commander in Chief; and one consequence of this has been, that the Company's officers,

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resident from early youth in India, possessing little influence in England, unknown to officers of high rank in His Majesty's service, have thought themselves treated with less favour and distinction, than younger officers of that service recently arrived, but better patronized. You know, Sir, that there have been instances of this sort, which the Court, with the sanction of your Board, have interposed to repress: but as long as the British force in India is made up of two armies, so differently constituted, with so large a portion of King's officers, the whole commanded by generals of His Majesty's service, there will, probably, be real or apprehended ground for the like complaints. They do not arise because one army has the honour to belong to His Majesty and the other serves the Company, but because the constitution of the two armies are radically different, and must continue so, whether the armies are under one head or two. The Indian army cannot be maintained without officers attached to it from an early age, and rising by seniority. Frequent changes of King's regiments serving in India, and the consequent frequent arrival of young men, promoted in them by purchase, cannot be avoided: the former class will be comparatively unknown to the King's commanders, the latter will have among them the connections of those commanders, or of men of influence in England. It is not difficult to see, therefore, to which side the exercise of military patronage will lean; and to prevent causes of complaint, and to keep the balance even, must be an important object in the Government of India. It does not seem the way to effect this, to put the Indian army wholly in the power of the Commander in Chief. It is of the partiality of that station of which the Company's officers have sometimes complained; and the Court see no reason whatever to suppose, that their jealousy and dissatisfaction would be removed, by putting them entirely under its control: and, indeed, by placing two armies, of such different races and so differently constituted, under the same master, it would seem difficult to avoid attaching the idea of permanent inferiority to that which was Indian. Nor is it a thing to be taken for granted, that the Sepoys, so much, as already observed, under the influence of habit, would chuse to be transferred from that service to which they have been always accustomed, to one of which they have little experience, and that experience not always of a conciliatory kind. To place the officers of the Indian army wholly under that authority of which they have hitherto complained, does not certainly appear to be the way to render them easy. It might, on the contrary,

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contrary, lead to serious discontent; and though the Court would be far from countenancing that spirit among their officers, or yielding to any irregular exertion of it, yet it must be said, on the other hand, that those officers are a body of men who have deserved too well of the Company and their country, to have real causes of discontent; and that it would be impolitic to adopt any system, likely to generate such causes, either among them or the men they command.

With regard to the other reason assigned for the proposed change, the Court beg leave to observe, in the first place, that they do not perceive the necessary connection between the inconvenience which is alleged, and the remedy suggested for it; since, if it were true that the question of responsibility in England, respecting the appointment of Commander in Chief, lay under an obscurity and uncertainty detrimental to the public service, it does not appear to follow that the Indian army ought to be transferred to the King, to remedy this defect. But, in the humble apprehension of the Court, no obscurity hangs over that question. The appointment of Commanders in Chief of the King's forces there rests with His Majesty, and the officer chosen by him will, by virtue of his commission, generally command the Company's army on service. The appointment of Commanders in Chief for the Company's army is placed, by law, in the first instance, in the Court of Directors, but with a power vested in His Majesty to annul such appointments. This necessarily points to an agreement between His Majesty's Government and the Court of Directors, in respect to those appointments, and the Court are not aware, that they have, on any occasion, used the share of power left to them by this arrangement, for the exercise of which they feel that they are responsible, to the prejudice of the public service. They must, at the same time, humbly express their opinion, that the law, as it now stands, is wisely conceived, since it does not halve the responsibility, but double it, making both His Majesty's Government and the Court of Directors fully answerable for the appointment of the Company's Commanders in Chief: and if it should still be said, that, in point of fact, the selection of a Commander in Chief for His Majesty's forces may be rendered difficult, by reluctance, on the part of the Court, to accept of the same officer for the command of the Company's army, it may be justly replied, that they make a sacrifice to the public interest, in agreeing that the Commander in Chief of His Majesty's shall also be the Company's; and when he is not only to command their army, but expects to be made a

Member

Member of their civil and political Government, it cannot be deemed unreasonable, that they should possess the right of satisfying themselves as to his competency for filling those high offices: neither is it, as they think, to be shewn from theoretical reasoning, or by an appeal to facts, that the service will suffer, or has suffered, by their assertion of this right.

But the strongest objections of the Court to the proposed transfer arise from political considerations. They conceive the continuance of the Indian army in the hands of the Company to be essential to the administration of the civil, financial, and political affairs of British India, according to the present system. The Company's Government has hitherto been respected, both by its own subjects and foreign powers, because it possessed a great military force. Organizing this force, enlarging or reducing it at pleasure, appointing its officers, rewarding merit, punishing the unworthy, providing for the comfortable retirement of the veteran soldier and officer, and, in short, exercising all the functions of a governing power over a very numerous body of men of high military spirit, it has possessed all the respectability and the benefit of their attachment and fidelity. Looking upon the Members of the civil Government and the body of civil servants as belonging to the same master with themselves, and as the first order in the state, they have paid a willing obedience to their authority, and have thereby upheld their internal administration and their consequence abroad. The introduction of certain King's regiments has been understood, as it was intended, to be merely in support of the public interest under the existing system: but if the Company were to be divested of the whole of their military force and power; if they were to be no longer masters of a single regiment, no longer capable of entertaining any soldiers nor of giving one subaltern's commission; if the immense body of men, who have so long looked up to them, were to be transferred from them, the people must consider their power as fallen and drawing rapidly to a close. Continuing still to their Governments a general controul over the employment of the army, and to their civil servants the internal administration of their affairs, would give the people no assurance to the contrary. Those servants, in the discharge of their different functions of judges, magistrates, collectors, could not expect the same respect and support, either from public opinion or the attachment of the native troops, as when all looked to the same head for protection, patronage, and reward.

 Indeed,

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No. VIII.

Chairman & Deputy's Letter.

Indeed, to make so wide a separation of the military from the civil power; to take away the organization, the interior regulation, and with these, the patronage of the army, from the local Government; to place all those powers in the hands of the Commander-in-Chief, subject only, in the exercise of them, to an authority at the distance of half the globe, would throw the means and the temptation of a dangerous ascendancy into the scale of the military department, which constituted by His Majesty, might easily be led to slight the civil servants of a meaner master, and their chance of distant redress. Among the natives of India it has been usual to consider the military power, and those possessing it, as pre-eminent; and they see, in some examples of the present day, *that* power, under the idea of assisting the civil and political administration, actually controuling it. The Company's Government, in short, lowered and overshadowed in this way, would not, in the opinion of the Court, continue to possess the authority necessary for the proper administration of the affairs of that great empire; and it might then be conceived, that a further change only could supply what was defective.

But this is not the only way in which the measure in question appears to the Court to be pregnant with danger. It proposes to place in the entire disposal of the Crown, a regular army, amounting to one hundred and forty thousand men, commanded by above three thousand European officers, having a great variety of places of honor and emolument; and all the vast patronage attaching to such an army (saving the nomination of cadets) would, mediately or immediately, be under the influence or controul of some of the Members of His Majesty's Government. This would be a signal departure from the spirit and letter of the Acts of 1784 and 1793, a professed principle of which was, that the Indian patronage, civil and military, should be kept entirely out of the hands of the servants of the Crown. It is not for the Court to enlarge upon a proposition so momentous; but they beg leave, with the utmost deference, to state, that they would deem it a dereliction of their duty, to which no consideration could induce them to submit, to recommend any measure of this description to the adoption of their constituents. Knowing however, Sir, your concern for the promotion of the public interest, a concern which we have frequently witnessed, the Court still flatter themselves, that the consideration of the renewal of the Company's Charter, a measure which they believe to be for the interest of the nation as well as of

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of the Company, will go on without your insisting on this proposition, or any further on the other which has been above discussed, than may be really compatible with the preservation of the present Indian system. No. VIII. Chairman & Deputy's, Letter.

We have the honor to be, Sir,

Your most obedient humble servants,

(*Signed*) EDWARD PARRY,
CHARLES GRANT.

The Right Honorable Robert Dundas,
&c. &c. &c.

No. IX.

AT A

SECRET COMMITTEE OF CORRESPONDENCE,

The 28th February 1809.

The Chairman and Deputy Chairman reported to the Committee, that in consequence of an invitation from the President of the Board of Commissioners, they had yesterday an interview with him, in which he discoursed with them on the present state of the negotiation for the renewal of the Company's Charter. He inquired, in the first place, whether the Company would have occasion to apply to the Public for pecuniary aid in the course of the present year. To this inquiry the Chairman and Deputy answered, that from an estimate lately made up of the Company's receipts and payments, till the month of January 1810, it appeared probable they might be able to do without any public assistance till that period; but that this could not be positively affirmed by the Chairs without further and more certain investigation. Mr. Dundas then said, that if the Company were not under a necessity of coming to Parliament this session on the score of their finances, he thought it would be expedient to delay the agitation of the subject of the Charter in Parliament till next session, because the Committee of the House of Commons for inquiring into the state of the Company's No. IX. Secret Committee, 28 Feb. 1809.

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Secret Committee, 28 Feb. 1809.

ny's affairs, recently re-appointed, being about to examine into all the great branches of those affairs, which would necessarily engage the public attention on the renewal of the Charter, it would be expected by the House, that the reports of that Committee should be submitted to them, before the question of the renewal was brought forward, and from the number and weight of the subjects to be investigated, it would be impracticable to report upon them, soon enough to afford sufficient time to the House to go through the consideration of them in the remainder of the session: it was, therefore, Mr. Dundas's opinion, that it would be advisable to postpone the agitation of the question until next session; but before he fixed his determination, he wished to receive the sentiments of the Chairs and the Committee of Correspondence on this important point, and those sentiments would probably influence him in shaping his answer to the last letter of the Court, dated 13th January 1809, on the renewal of the Charter. The Chairman and Deputy Chairman beg leave to state, that they, in reply, expressed their opinion to be clearly in favor of proceeding with the business of the Charter this session, if it should be practicable for the Committee of the House to make the requisite reports in due time.

The Committee having deliberated on this communication, are of opinion, first, that it will be necessary to form as accurate an estimate as possible of the home finances of the Company for the current year; secondly, that it is very desirable the renewal of the Company's Charter should be brought forward in Parliament this session, even if the Company should stand in need of no pecuniary aid; but, thirdly, that if the Select Committee cannot prepare their reports in due time, and His Majesty's Ministers deem it proper to wait till next session, the Court must, of course, acquiesce; yet in the wish and hope, that if any circumstances should occur in the course of the present session, favorable to the agitation of the measure, it may still be brought forward; and if not in this session, as early as possible in the next; to which end the Committee will be very ready to proceed with the President of the Board of Commissioners in the discussions already commenced.

No. X.

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No. X.

AT A

SECRET COMMITTEE OF CORRESPONDENCE,

5th December 1809.

Read and approved draft of a letter to the Right Hon. Robert Dundas, proposing that the discussions between him and the Court, on the subject of the Charter, be resumed, from the point at which they were left by the letter from the Chairman and Deputy, dated 13th January last. No. X. — Secret Committee, 5 Dec. 1809.

No. XI.

LETTER *from the* CHAIRMAN *and* DEPUTY CHAIRMAN *to the Right Honorable* ROBERT DUNDAS, *noticed in the preceding Minute.*

(*Private.*)

East-India House, 5th December, 1809.

SIR,

From the conference the Chairs had the honor to hold with you on the 13th of February, on the subject of a renewal of the Company's Charter, we were given to understand, that although His Majesty's Ministers did not deem it expedient to bring that subject under the consideration of Parliament in the session then preceding, it might, in their opinion, be proper to prepare for the agitation of it in the next following one. No. XI. — Chairman & Deputy's Letter.

We now, therefore, by the authority of the Committee of Correspondence, whom the Court of Directors have empowered to conduct the details of negociation on the subject in question, beg leave to state to you, that, in their opinion, it is desirable the discussion concerning the renewal of the Charter should be

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No. XI.

Chairman & Deputy's Letter.

brought on in the ensuing session, both on account of the general situation of the Company's affairs, and also on account of the particular pressure on their finances (arising chiefly from the transfer of certain sums of the Indian debt to England) which we have already had the honor to represent to you and to Lord Harrowby, and which renders necessary such an application for public aid, as may, of itself, be expected to lead to a general consideration of the Company's affairs.

We therefore take the liberty to propose, that the discussions between you and the Court, on the subject of the Charter, be resumed, from the point at which they were left by the letter the Chairs addressed to you, under date the 13th January last.

We have the honor to be, Sir,

Your most obedient humble servants,

(*Signed*) CHARLES GRANT,
WILLIAM ASTELL.

The Right Honorable Robert Dundas,
&c. &c. &c.

No. XII.

AT A

SECRET COURT OF DIRECTORS,

Held on Friday, the 3d January 1812.

No. XII.

Secret Court, 3 Jan. 1812.

The Chairman laid before the Court, copy of a letter from Lord Melville to the Chairs, dated the 17th of last month, upon the subject of continuing to the East-India Company, for a further term, their privileges of exclusive trade and the government of the British territorial possessions in India, in which his Lordship adverts to his letter addressed to the Chairman and Deputy Chairman, on the 28th December 1808, and to their reply, dated the 13th January 1809, and adds, that if the Court of Directors are willing that the ships, as well as goods of private merchants, may be admitted into the trade with India, under

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such restrictions as may be deemed necessary, he shall be ready to discuss with the Chairs all the other details of the system: and his Lordship alluding to two points of considerable importance, adverted to in the above-mentioned letters, *viz.* the first relating to the transfer of the Company's army to the Crown, upon which subject circumstances may possibly suggest the expediency of adopting other measures, for promoting the discipline and efficiency of the army in India; and the second point, being the Indian debt, upon which subject his Lordship observes, that the period he should hope is arrived, for providing, out of the Company's own resources, without any pecuniary aid from the Public, the means of enabling them to satisfy all the claims of their Indian creditors. No. XII. Secret Court, 3 Jan. 1812.

Ordered, That it be referred to the Committee of Correspondence, to consider what reply it may be right and proper to make to the letter from Lord Melville, now read; and to report their opinion thereon to the Court.

No. XIII.

LETTER *from the Right Honorable* LORD VISCOUNT MELVILLE *to the* CHAIRMAN *and* DEPUTY CHAIRMAN, *dated the 17th December, 1811, noticed in the preceding Minute.*

India Board, 17th December, 1811.

No. XIII. Ld. Melville's Letter.

GENTLEMEN,

Understanding from you, that it is the wish and opinion of the Court of Directors, that a proposition should be submitted to Parliament in the course of the next session, for continuing to the East-India Company, for a further term, their privileges of exclusive trade and the government of the British territorial possessions in India; it will be necessary, before I can proceed with you to the discussion of that question in all its details, that certain preliminary matter should be again brought under your consideration.

In a letter which I addressed to the Chairman and Deputy Chairman, on the 28th December 1808, the outlines of such a system, in regard to the trade between this country and the East-Indies, were stated, as His Majesty's Government at that time were willing to propose to Parliament. In a reply to that letter,

No. XIII.

Ld. Melville's Letter.

letter, dated the 13th January 1809, detailed reasons were urged, for the Court of Directors declining to "advise their constituents to seek a renewal of their "Charter, on conditions which" (as asserted by the Chairman and Deputy Chairman) "would despoil it of all its solid advantages, deprive the Company "of their most valuable privileges, and incapacitate them for performing for "themselves and the nation, the part hitherto assigned to them in the Indian "system."

I do not feel it requisite, in this stage of the business, to enter upon a minute examination of the arguments from which that conclusion was drawn. Many of them have reference to possible dangers, which might arise from a system of trade wholly unrestricted; against which dangers, however, it was expressly admitted in my letter, that it would be essentially necessary to guard. A considerable portion of their reasoning, also, would lead to the inference, as a general proposition, applicable to all cases of foreign and distant trade, that a monopoly was more beneficial to both countries than an unrestrained commerce; and that the facilities intended to be afforded to private trade with India, by the Act of 1793, were inexpedient and impolitic. There are several statements in the letter, in which I fully concur; but it is unnecessary to advert to them at present, because, if the Court of Directors adhere to the above-mentioned determination, I cannot hold out to you the least expectation, that His Majesty's Government will be disposed to depart from the proposal contained in my letter, or that they will concur in any application to Parliament, for the continuance of a system of trade, conducted under all the restraints now imposed upon it, and for the permanency of which the Court of Directors have so strenuously contended. If they are willing, on the other hand, that the ships, as well as goods of private merchants, may be admitted into the trade with India, under such restrictions as may be deemed necessary, I shall be ready to discuss with you all the other details of the system.

There are two points, however, of considerable importance, which are adverted to in the above-mentioned letters, and on which it may be advisable that I should state to you shortly what occurs to me.

The first relates to the transfer of the Company's army to the Crown; a measure which has been frequently suggested by persons intimately acquainted with the military concerns of the Company, and whose opinions are entitled to

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great consideration. It is impossible, however, not to admit, that several weighty objections to such a change are stated in the Letter of the 13th January 1809. Events which have since occurred must, also, have an influence in deciding this question, and may possibly suggest the expediency of adopting other measures for promoting the discipline and efficiency of the army in India. Further discussion on this subject may be deferred till a future opportunity, and any arrangements which may be deemed proper can be carried into effect, without having recourse to special legislative enactments. — No. XIII. Ld. Melville's Letter.

The other point to which I allude, is the proposition for enabling the Company to meet the heavy demands which were then expected, and which, to a certain extent, have since come upon them, by the transfer of their Indian debt to this country. All uncertainty, as to the possible amount of those demands, is now removed; and the period, I should hope, is arrived, to which, during some years, we have looked forward with anxiety, for providing out of the Company's own resources, without any pecuniary aid from the Public, the means of enabling them to satisfy all the claims of their Indian creditors. The sanction of Parliament will probably be necessary for carrying into effect any arrangement for that purpose; and if the Court of Directors are willing that these discussions, on the renewal of the Charter, shall proceed, in so far as relates to the question of the trade, on the principle to which I have adverted, I shall be ready to receive from you any suggestions you may have to offer on the subject of the debt, and on the mode by which you propose that funds for its liquidation shall be provided.

I have the honor to be, Gentlemen,

Your most obedient humble servant,

(*Signed*) MELVILLE.

The Chairman and Deputy Chairman
of the East-India Company.

No. XIV.

No. XIV.

AT A

SECRET COURT OF DIRECTORS,

Held on Friday, the 28th February, 1812.

No. XIV.
Secret Court, 28Feb. 1812.

The Chairman from the Committee of Correspondence laid before the Court the draft of a reply to Lord Melville's letter of the 17th of December last, which was read:

Ordered, that the same be taken into consideration to-morrow.

No. XV.

AT A

SECRET COURT OF DIRECTORS,

Held on Saturday, the 29th February 1812.

No. XV.
Secret Court, 29Feb. 1812.

The Court proceeded to take the proposed draft of a reply to Lord Melville's letter into consideration.

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No. XVI.

AT A

SECRET COURT OF DIRECTORS,

Held on Monday, the 2d March 1812.

The draft of the proposed reply to Lord Melville's letter, of the 17th December last, was unanimously approved. No. XVI.

Secret Court, 2 Mar. 1812.

Resolved, That a deputation of this Court be appointed to wait on His Majesty's Ministers, in consequence thereof; and that the said deputation do consist of the Chairman, Deputy Chairman, Charles Mills, Esq., the Honorable William Elphinstone, and Edward Parry, Esq.

No. XVII.

LETTER *from the* CHAIRMAN *and* DEPUTY CHAIRMAN *to the Right Honorable* LORD VISCOUNT MELVILLE, *with its Enclosures, noticed in the preceding Minute.*

MY LORD, *East-India House, 4th March* 1812.

No. XVII.

Chairman & Deputy's Letter.

We duly received and laid before the Court of Directors your Lordship's letter of the 17th of December last. We trust that the great importance of the matter contained in it will explain, in a satisfactory manner, to your Lordship and to His Majesty's Government, why an answer has not been prepared at an earlier period.

By that letter we think it is to be understood, that His Majesty's Ministers have made up their minds, not to hold out to the East-India Company an expectation

No. XVII.

Chairman & Deputy's Letter.

pectation of their being disposed to concur in an offer to Parliament of any proposition for the continuance of the present system of trade with India, at the close of the term limited by the Act of 1793, which is now nearly expiring, without a previous consent, on the part of the East-India Company, as the basis of such concurrence, that the trade with India shall be extended to the ships, as well as goods of private merchants, under such restrictions as may be deemed necessary: but that His Majesty's Ministers are of opinion, with respect to the subject of the Indian army, that the idea which was held out in your Lordship's letter of the 28th December 1808, relative to the transfer of the Company's army to the Crown, will not be contended for; and that, upon these grounds of understanding, your Lordship will be prepared to receive from the Court of Directors any suggestions which they may have to offer on the subject of the Company's debt, and upon the mode by which the Court propose that funds for its liquidation should be provided.

From the terms in which the first proposition, respecting the trade with India, has been brought to the notice of the Court, they conceive that it is intended, on the part of His Majesty's Government, to preclude the Court from any further agitation of a question already so fully discussed. The Court, indeed, cannot avoid considering this as the obvious interpretation of your Lordship's letter, respecting a point upon which, perhaps, it might be out of their power to offer any arguments, not contained in the letter of the Chairs to your Lordship, of the 13th of January 1809.

Whatever opinion, therefore, the past experience and daily observation of the Court may have justly induced them to form upon this subject, or however incontrovertible they may believe many of the arguments to be, that are made use of in the letter of the Chairs to your Lordship, to which they have referred, they think it their duty to state, that if this alteration be made an indispensable condition, on the part of His Majesty's Ministers, of their proposing to Parliament the renewal of the Company's privileges, the Court will, though reluctantly, offer this measure to the consideration of the Proprietors, with whom alone the power rests of consenting to such a fundamental change in the constitution of the Company. But they must, at the same time, beg leave, in the most unequivocal manner to declare their conviction, that though this alteration may, and probably will, be attended with many serious inconveniences to the

the whole frame of that Government, which, whatever opinion may have been formed of its imperfections, has, beyond all dispute, acquired and maintained for Great Britain a paramount, and almost undisputed sovereignty in the East, it will not give to the nation those commercial advantages, which it has been the habit of many of the commercial interests of this Country to contemplate. No. XVII. Chairman & Deputy's Letter.

The Court, however, hope it will be understood by your Lordship, that they have entertained this opinion, not upon the narrow, and now justly exploded ground, which they are sorry to see has been imagined by your Lordship to exist, that the Company have ever considered a monopoly to be more beneficial, in all cases of "*foreign and distant trade, than an unrestrained commerce,*" but upon the conviction with which they have been impressed, that an exclusive trade with India is the only one really applicable to the maintenance of the public interests with that country, interwoven as that trade is with the very frame and integrity of those possessions, and resting, as it does, upon many highly important considerations, which are, in no wise, applicable to other commercial establishments.

In support of these opinions, the Court beg leave to enclose abstract copies of the Accounts (A and B), which have been called for, and laid before the Committee of the Honorable House of Commons upon East India Affairs, established in 1808, and continued to the present time, which they imagine will afford a fair representation of the trade in bullion and in goods carried on with India, as well by individuals as by foreign nations; and these accounts will, they trust, establish, in a conclusive manner, the correctness of the sentiments entertained by the Court respecting this trade.

In communicating, however, those sentiments of reluctance, by which the determination of the Court to submit the proposition in question to the Proprietors of East-India Stock is accompanied, the Court hope it will be clearly understood, that this determination arises from a presumption, that such military powers as are now vested in the Company will be left unimpaired, which can alone induce them to entertain an expectation of their being able, in a manner satisfactory, either for the Company or the Public, to perform the part which has hitherto been assigned to the Company in the Government of a distant empire; and also, that such regulations will be adopted, as will prevent the highly dangerous intercourse of Europeans with the East; and that such arrangements

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No. XVII.

Chairman & Deputy's Letter.[1]

will be made, in respect to pecuniary matters, as will enable the Company to meet with confidence the present state of their affairs. The Court also hope, that in the extension of the trade which the Company now enjoy, His Majesty's Ministers have not had in view the hazardous experiment of dispersing, over all the ports of England and Ireland, a trade now brought, with so much advantage, both to the Company and the Public, to the single port of London.

If the private intercourse with India should, in future, be extended, it may naturally be expected, that upon the return of peace, a number of British seamen will be thrown out of employ; and the Court are apprehensive that such an intercourse, carried on through the medium of Indian ships and Indian sailors, relaxing as it would do the spirit of the navigation laws, which have always been considered to be the basis of the maritime strength of this country, may be viewed by the nation with extreme alarm, and will probably give rise to many disorders. The Company's papers and offices might furnish material information, by which the relation of the Indian trade with the navigation system could be appreciated, and the Court, if it should be thought likely to be of public utility, are ready to have that information collected; but without such call, and without pressing their reasons at length, either upon your Lordship or the other Members of His Majesty's Government, they will content themselves with the declaration they have already made of their opinion upon this subject.

The Court are desirous of taking this opportunity to offer some remarks, and to answer, in a cursory manner, part of those public accusations, which have been so assiduously urged against the East-India Company, and against the further continuance of a system, which, they hope, will appear to rest, not upon the grounds of individual interest, but upon the firm basis of national advantage.

Whatever opinions the Court may deliver, upon a subject in which they are manifestly interested, will doubtless be received with circumspection; but the Court think, that they may be allowed, and with justice upon the present occasion, to assert, that the leading disposition of their minds is, to preserve the empire obtained in India to the parent state.

The first, and the most prominent of the charges, which have, at various times, been brought against the Company, is the repeated calls which they are accused of having made upon the public, for money for the prosecution of ruinous concerns; as if they had dissipated large sums in useless and improvident undertakings.

takings. Upon this head it may be sufficient for the Court to observe, that their commercial affairs (and to those alone was the Company's management restricted) have been invariably attended with success, as they are prepared to shew, if the proof should be called for; and that these advantages have been sufficient to allow of a moderate dividend to the Proprietors of East-India Stock. Over and above this dividend, a surplus sum has been applied, arising from this source, towards the extension of that territory, the acquisition of which has been under the immediate direction of His Majesty's Ministers. No.XVII. Chairman & Deputy's Letter.

But the Court are persuaded, that the magnitude of the affairs which the Company have had to manage, has been little known and little attended to, otherwise it would, at once, have been seen, that one of the principal difficulties with which the Company have had to contend, is a capital, not in any respect equal to the great extent, variety, and importance of those affairs.

The disbursement of the Company upon the single article of commerce in goods and wares, &c. or of articles necessary for its management, a disbursement of sums going from and returning to the Company, from one moment to another, was, at the close of the year 1811, not less than about..	£14,847,678.
To this must be added, the amount of advances in India and at home, for stores of various kinds, applicable to the purposes of Government, and in constant use for military equipments, &c.; of cash, arms, &c.; and of debts due to the Company from various states and princes, &c.; and other articles, making, at the close of the Indian year 1810, about	21,282,279
If to these sums be subjoined the absolute expenditure made by the Company, for the acquirement of a territory, with forts, ammunition, &c. and the actual purchase of many factories and territories, building of docks, purchase of forests, &c. including a considerable sum which has been paid by them, at various times, to the Public, or disbursed for expeditions, and the maintenance of captures afterwards surrendered up to the enemy, *viz.*	15,052,170
They form altogether an aggregate of ..	£51,182,127

The

No. XVII.

Chairman & Deputy's Letter.

Aggregate disbursements brought forward		£51,182,127
The capital of the Company is:—		
In money advanced by the adventurers, about	£7,780,000	
And they receive from the aid of bonds at home	7,000,000	
And from other contingent credits, at home and abroad, about	7,787,953	
Together		22,567,953
Leaving a balance of		£28,614,174

Constituting, at this moment, a permanent debt in India and in Europe. (See C.)

This aggregate of £51,182,127, a part of which sum only has been employed upon the territorial acquisitions of the Company, forms an outlay, beyond the capital of the Company, of so large an amount, as to make it more matter of wonder, how the Company have hitherto been able to carry on the concern at all, than to render it extraordinary that they should have been constrained, respectfully and at various times, to represent the urgency of their affairs, and to press upon the Public for the mere return of those sums, which had been fairly expended by the Company abroad for the public service; a return which has never yet been granted to the Company, to the extent to which, in justice, it ought to have reached. In every war which has taken place since the Company became possessed of the territorial acquisitions, large sums of money have been expended in capturing the settlements of the French, Dutch, and Danes, and heavy expenses incurred in keeping the same, till the political views of the Public occasioned these settlements to be restored, in return for other objects, in which the Company had no particular interest. The Company have also been compelled to pay part of the expense of capturing and maintaining an island, afterwards reserved for the exclusive benefit of the Crown; to disburse a considerable sum for a force, of which the Public have derived all the benefit at home; and even to contribute to the Egyptian expedition, the whole of which expenses the Company have always thought ought to have fallen upon the State.

This large and necessary outlay, in fact, now constitutes the source of the Company's embarrassment. A considerable part of the money raised in India upon periodical loans, to meet this outlay, has (as your Lordship well knows) by the terms of these loans, which made them payable, if required, in England,

and

and in consequence of a general reduction of interest from eight to six per cent, been at once thrown upon the Company for immediate payment in Europe; a sum which, without the aid of Parliament, it is impossible for the Company to discharge.

Of this large expenditure, sanctioned, and in many cases specifically directed by the Ministers of the Crown, it may with justice be asked, what part has been incurred for the partial or exclusive advantage of the Company?—It is evident, that the whole concern has been begun and continued by private exertions alone; nor have the Proprietors received, by any means, an adequate recompence for those exertions: they have scarcely derived more benefit than the common interest of money. And if India be an object of regard to the world, the Company may have the satisfaction of thinking, that they, at their own risk and expense, have rescued it from contending Nations, and may claim the merit of having laid it at the feet of their country; acquired and preserved, it is true, at a great pecuniary expense, and by such abilities and such exertions, both civil and military, as not only to reflect the highest credit upon the East-India Company, but also to raise, as the page of history will testify, the national character. They venture to hope, that when all the great political relations of this acquisition are considered, the price paid for it will not be deemed as out of proportion to its intrinsic value.

The wisdom of Parliament will, the Court make no doubt, be applied to preserve what has been so acquired, and finally do justice to those, at whose risk it has been obtained; and not be induced to barter positive, and very large immediate advantages, against speculative notions and theoretical plans.

In the second place, it has been often urged, that the Company have been favoured, during these exertions, with an exclusive trade, and that the nation has thereby lost an opportunity of extending their commercial enterprizes over a large quarter of the globe. It is true, that the Company have been favoured with this exclusive trade, but it may fairly be asked, would India have belonged to Great Britain if this exclusive trade had not existed? That this trade would have been of greater magnitude in the hands of individuals, is yet a matter that remains to be proved: but it is obvious, that during part of the above period, *viz.* from the year 1768 to 1812, the Public have received, in direct contributions from the Company, a sum not falling short of £5,135,319, as will appear by the accompanying Account (D).

Q With

No. XVII.

Chairman & Deputy's Letter.

With respect to the immediate produce of this trade to the Public, the Court believe it will bear a comparison with that arising from any other distant possession. It produced last year to the Public the large sum of £4,213,425 (E), *viz.* in customs £759,595, and in excise £3,453,830; and though this return to the Public be larger, as the Court have reason to think, in respect to the capital employed, than the return from any other trade, it has, at the same time, been collected with a facility unknown to other concerns; an advantage which has been obtained, partly by the progressive enactment of regulations the fruit of many years experience, and partly by the concentration of the trade in a single port, and the prevention of smuggling, which has been the consequence of it.

But what has never yet been fairly estimated in the existence of the East-India Company is, that the whole of these returns have been brought into the exchequer of the Public, without the Public having been called upon for any direct contribution for the preservation of the source from whence they have had their rise, whilst the possessions of the Crown, in every quarter of the globe, have drawn from them a considerable sum for their support in troops. What has been saved to the State has thus, the Court conceive, been gained by the Public, and would amount, as the Court are satisfied, in only twenty years, to a sum of a very great magnitude. From the Navy, indeed, the East-India Company have received important assistance; but such assistance, it must be recollected, has been afforded to them only in common with the rest of His Majesty's subjects.

That the trade of the Company has been highly beneficial to the Public, in affording a nursery for seamen in time of war, and employment for them in time of peace, and that the Company's maritime service has contributed materially towards those benefits, cannot, the Court apprehend, be doubted; nor that the fortunes of individuals, acquired either in the service of the Company, or by their industry and exertions under the Company's protection, have gradually contributed to the accumulation of that public stock of national wealth, which has enabled this country to stand, almost alone, against the united exertions of nearly all Europe.

Having offered these cursory observations upon matters of such obvious importance, we are directed by the Court to state, that as the pecuniary arrangements necessary for the support of the Company cannot, with propriety or with effect,

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effect, be made the subject of correspondence, they beg to refer these points, as well as all those of inferior detail, of which there are a great many, to a personal conference between your Lordship and the Deputation of the Court, which had the honor to wait on your Lordship this morning.

No. XVII.
Chairman & Deputy's Letter.

We have the honor to be, My Lord,

Your Lordship's most obedient humble servants,

(*Signed*) JACOB BOSANQUET, HUGH INGLIS.

The Right Honorable Lord Viscount Melville,
&c. &c. &c.

A.

AN ACCOUNT, *shewing the Total Amount of the Official Value of the* Bullion *and* Merchandize *Imported into, and Exported from* British India (*Bengal, Madras, and Bombay*) *to* London, America, *and* Foreign Europe, *for Six* Years, viz. *from* 1802-3 *to* 1807-8 *both inclusive.*

	TOTAL of the IMPORTS into INDIA.			TOTAL of the EXPORTS.
	Bullion £ Sterling.	Goods & Stores £ Sterling.	Total £ Sterling.	Of Goods only £ Sterling.
London:				
By the East-India Company	4,939,128	5,547,501	10,486,629	8,108,897
By Commanders and Officers of the Company's Ships	179,756	2,640,000	2,819,756	1,939,000
By British Private-Traders —	1,167,460	1,832,980	3,000,440	5,581,740
Americans — — —	4,543,662	667,654	5,211,316	4,803,283
Foreign Europeans — — —	2,051,093	1,072,960	3,124,053	2,437,752
Total Imports & Exports £	12,881,099	11,761,095	24,642,194	22,970,672

Memorandum. There has been a small quantity of Bullion exported from India to Europe and America, to the extent of Sicca Rupees 1,75,316, but which is not material to the present account.

Note.

No. XVII.

Chairman & Deputy's Letter.

Note. The value of the Company's Imports into India is taken from the invoices of the ships as they arrived in India, with the addition of ten per cent. upon the invoice price outwards. The value of the British Private-Trade, as also the American and Foreign European, is the Indian official value, and which appears to correspond pretty nearly with the market prices in India. In order to make a just comparison between the amount of the Company's and the Private or Foreign Trade, the goods should be exactly reduced to the same denomination of value; but this is not strictly practicable.

Errors excepted,
(*Signed*) ROBERT WISSETT.

East-India House, 4th March 1812.

B.

AN ACCOUNT *shewing the Amount of the Official Value of the* Bullion *and* Merchandize *Imported into, and Exported from* British India (*Bengal, Madras, and Bombay*) *to* London, America, *and* Foreign Europe, *on an average of six Years, viz. from* 1802-3 *to* 1807-8, *both inclusive.*

	ANNUAL average of the IMPORTS into INDIA.			ANNUAL average of the EXPORTS.
	Bullion. £ Sterling.	Goods and Stores. £ Sterling.	Total of Imports. £ Sterling.	Merchandize only. £ Sterling.
London:				
By the East-India Company	823,188	924,583	1,747,771	1,351,483
By Commanders and Officers of the Company's Ships	29,959	440,000	469,959	323,167
By British Private-Traders —	194,576	305,496	500,072	946,956
Americans — — —	757,277	111,275	868,552	800,547
Foreign Europeans — —	341,849	178,826	520,675	406,292
Total average Imports and Exports — £	2,146,849	1,960,180	4,107,029	3,828,445

The proportions of which are:

Exported to England — $\frac{68}{100}$, or upwards of $\frac{5}{8}$ths.

Do. to America — $\frac{21}{100}$, or less than $\frac{2}{8}$ths.

Do. to Foreign Europe $\frac{11}{100}$, or less than $\frac{1}{8}$ths.

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The exports of individuals from Britain are: No. XVII. Chairman & Deputy's Letter.

	Bullion	£194,576	
	Goods	305,496	
			£500,072
The imports of ditto into Britain - - - - - -			946,956
	Difference, per annum,		£446,884

being not a trade but a remittance, deducting the amount of the profit on exports.

Errors excepted,
(Signed) Robert Wissett.

East-India House, 4th March 1812.

C.

Outlay, *Commercial and Territorial, of the* East-India Company *at Home and Abroad, made up, in respect to the Indian Accounts, to the 30th April* 1810, *the Home Accounts to the 1st March* 1811.

Commercial Outlay.

No. I.	Cash - - - - -	£460,738	
	Value of goods sold and unsold -	5,053,417	
	Value of goods afloat - -	3,379,389	
	House and warehouses - -	1,207,090	
	Balance of property at China and Cape of Good Hope - -	1,240,652	
	Cash, goods, and debts, commercial department India - -	3,071,637	
			£14,412,923
	Balance of property at Bencoolen and St. Helena: the outlay at these places being of an anomalous nature, it is stated separately - - - - - - - -		434,755
		Total Commercial Outlay	£14,847,678

Territorial

No. XVII.

Chairman & Deputy's Letter.

Brought forward - -				£14,847,678
Territorial Outlay, India, *viz.*				
No. II. Cash in the several departments, 30th April 1810:				
Bengal, S.R. 4,11,38,439, at 2*s.* per C. R. - - -		£4,772,058		
Madras, Pags. 1,16,24,307, at 8*s.* - - - - -		4,649,723		
Bombay, B. R. 53,58,932, at 2*s.* 3*d.* - - - -		602,879	£10,024,660	
Debts owing to the Company:				
Bengal, S. R. 1,33,49,444, at 2*s.* per C.R.	£1,548,535			
Madras, Pags. 94,93,034, at 8*s.* - -	3,797,214			
Bombay, B. R. 54,01,917, at 2*s.* 3*d.* - -	607,716	£5,953,465		
Stores, &c.:				
Bengal, S. R. 97,82,114, at 2*s.* per C. R.	£1,134,725			
Madras, Pags. 33,16,927, at 8*s.* - -	1,326,771			
Bombay, B. R. 38,31,083, at 2*s.* 3*d.* - -	430,997	2,892,493	8,845,958	
Balance of property at Prince of Wales's Island - - - - - - - -			224,406	
Indian territorial outlay - - - -			£19,095,024	
Carried forward - -				£14,847,678

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No. XVII. Chairman & Deputy's Letter.

Brought forward -		£19,095,024	£14,847,678
Territorial Outlay at Home, 1st March 1811.			
Debt due from Government, the balance of the original debt of £4,200,000 -	£1,207,560		
Debt due from Government, the balance of the account for troops, stores, supplies, &c.	960,000		
Advances to several persons in India, to be repaid, - -	19,695		
- - - - -		2,187,255	
Total territorial outlay -			£21,282,279
			£36,129,957
No. III. The expenditure at home and abroad, for the acquisition of territory, &c. being the balance of the stock account, 1st March 1811. - - - - - - -			15,052,170
Sum total of capital necessary to carry on the concern			£51,182,127
No. IV. The capital advanced by the Adventurers		£7,780,000	
The capital raised by bond - - -		7,000,000	
Other capital, being a floating debt generally due on various accounts:			
Borrowed of the Bank -	£700,000		
Estimated commercial floating drafts -	600,000		
Sundry sums owing to individuals in England	2,155,922		
Debts, deposits, arrears of interest, and allowances and loans, not bearing interest:			
Bengal - -	£2,843,134		
Madras - -	1,017,238		
Bombay - -	408,792		
		4,269,164	
Debts in India commercial - -		62,867	
			7,787,955
Total of capital, without the Bond debt of India, -			£22,567,953
No. V. Difference being the balance necessary to remain in permanent loans, for the purpose of carrying on the concern -			28,614,174
			£51,182,127

East-India House,
4th March 1812.

Errors excepted,
(*Signed*)

Charles Cartwright,
Accountant General.

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D.

No. XVII. STATEMENT *of the* Contributions *from the* East-India Company *to the* Public, *from the Year* 1768 *to the Year* 1812.

Chairman & Deputy's Letter.

Paid from 1768 to 1775, in consequence of an agreement concerning the territorial possessions, (7 Geo. III. cap. 57, and 9 Geo. III. cap. 24) - - - - - - - - - - -	£2,169,399
Paid from 1769 to 1773, for indemnity on tea - - - - -	483,050
Paid in 1779, bounty for seamen raised for the service of Government - - - - - - - - - - -	13,653
Paid in 1780 and 1781, three ships of the line presented to Government - - - - - - - - - - -	95,349
Paid in 1781 and 1787, per agreement for a new Charter in 1781	400,000
Paid in 1789 and 1790, for victualling the navy, and charges of His Majesty's troops in India - - - - - - - -	500,000
Claim of the Company for subsistence of French prisoners of war, and other expences incurred by the Company on account of Government, written off in 1793 per Act of 33 Geo. III. cap. 52, sec. 127 - - - - - - - - - - -	443,632
Paid in 1793 and 1794, for participation, pursuant to the Charter Act of 1793 - - - - - - - - - - -	500,000
Paid in 1795 and 1796, expence of 3,000 seamen raised for the service of Government - - - - - - - -	57,000
Paid in 1803 and 1804, armed ships, hired for the service of Government, and employed in defence of the country - -	67,330
Loss, from 1793 to 1811, by saltpetre supplied to Government at less than prime cost, as per obligation of the Charter - -	405,906
	£5,135,319

Errors excepted,

(*Signed*) CHAS. CARTWRIGHT,
Accountant General.

East-India House, 4th March 1812.

AN

E.

An Account *of the Duties of* Customs *and* Excise *received on Goods imported and exported by the* East-India Company, *in the Year ending January* 1811.

No. XVII.

Chairman & Deputy's Letter.

Customs on Tea - - - - -	£219,322		
— Other Goods - -	498,901		
Export Duty - - -	17,653		
Tonnage Duty - - -	23,719		
Total Customs - - -		759,595	
Excise - - - - - - - - - -		3,453,830	
Total Customs and Excise -		£4,213,425	

Errors excepted;

(*Signed*) Chas. Cartwright,
Accountant General.

East-India House, 4th March 1812.

No. XVIII.

Minute *of a Meeting of the* **Deputation**, *the 3d March* 1812.

No. XVIII

Minute of Deputation.

The Deputation appointed by the Court to confer with the President of the Board of Commissioners for the Affairs of India assembled this day, in consequence of their appointment of the 2d instant.

The Chairman laid before the Deputation, minutes of a conference which the Chairs had with Lord Melville, on the 20th February, and also with his Lordship, Mr. Perceval, and Mr. Long, on the 24th of February; likewise several accounts, shewing the present and prospective situation of the Company's pecuniary affairs.

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No. XVIII — Chairman & Deputy's Letter.

The Chairman then suggested certain propositions, as hints, to be submitted to Lord Melville, which after full deliberation the Deputation resolved to adopt, and to wait upon his Lordship to-morrow, at half past ten, for the purpose of offering them to his consideration.

No. XIX.

AT A

SECRET COURT OF DIRECTORS,

Held on Friday, the 6th March 1812.

No. XIX. — Secret Court, 6 March 1812

The Chairman acquainted the Court, that the Deputation appointed the 2d instant had waited on Lord Melville, with a paper containing hints for his Lordship's consideration, which had been approved by the Committee of Correspondence.

The Chairman gave some general explanations, as to what passed at the conference; and added, that Lord Melville's opinion, on the various propositions submitted to him by the Deputation, would be stated by his Lordship in writing, and should be communicated to the Court as early as possible.

No. XX.

Hints *approved by the Committee of Correspondence, and submitted to the Consideration of the Right Honorable Lord Melville, noticed in the preceding Minute.*

No. XX. — Hints.

That the renewal of the Charter shall proceed upon the basis of the Act of 1793, and that no greater extension of the trade shall be granted than what was allowed by that Act; but the Deputation are ready to recommend to the

the Court of Directors, and ultimately to the Court of Proprietors, to admit such modifications as may be deemed necessary to give greater facilities to the private trader. No. XX. Hints.

1st. No British or Indian ship to sail, directly or circuitously, from a British port in Europe to China.

2d. No British subject to be permitted to reside in China, without the Company's licence.

3d. No goods, the growth or produce of China, to be imported into any of the ports of the United Kingdom, except by the East-India Company.

4th. The power of levying duties in India upon British subjects, and the subjects of foreign nations, to be continued to the Company, upon the footing on which it at present exists; and the same power, with respect to British subjects, to be extended to the districts within the jurisdiction of the courts of Calcutta, Madras, Bombay, and Prince of Wales Island.

5th. Saltpetre to be considered as a political article, and to be confined exclusively to the Company.

6th. The whole of the Indian trade to be brought to the port of London, and the goods sold at the Company's sales, and to be, as at present, under the Company's management.

7th. The three per cent. now paid to the Company by the private traders, for the warehousing and management of the private trade, to be increased to five per cent.

8th. No private ship to be permitted to sail for India, except from the port of London.

9th. No ship to be permitted to sail, except under a licence from the East-India Company. Ships obtaining this licence, to deliver one copy of their journals at the East-India House; and the licence to contain such clauses, as may be likely to prevent an unlimited or improper intercourse of individuals with India.

10th. Fire-arms, military and naval stores, to be prohibited articles.

11th. Existing restrictions, with respect to the article of piece-goods, to be continued.

12th. It being desirable, as well for the Public as for the Company, that the quality of the silk grown in India should not be deteriorated, it is submitted that this article be confined to the Company.

13th.

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No. XX. Hints.

13th. The ships of private persons to be subject to the same regulations, in respect to convoys, &c. as those belonging to the Company.

14th. No private ship to be permitted to sail, either from Great Britain to India, or from India to Great Britain, of a less burthen than four hundred tons.

15th. The Company to be subject to no obligation with respect to Exports to India, except in common with the private traders.

16th. The Lascars and Chinese sailors brought home in private ships, to be placed under proper regulations. Not, upon any account, to be suffered to wander about the streets of London. Good treatment to be secured to them, and the Company to be enabled, by some summary process, to recover the expences to which they shall be subjected, in the event of neglect on the part of the owners of such ships in these respects.

17th. The Company to be indemnified for their unexpired engagements for extra shipping, provided for the accommodation of the private traders.

18th. An unrestrained intercourse with India to be prevented, and the existing restrictions, with respect to residence in India, to be continued.

19th. The number of His Majesty's forces in India to be in future maintained by the East-India Company to be now fixed, and any troops sent beyond that number (except at the express requisition of the East-India Company) to be at the charge of the Public.

20th. The Company to be released from any future account with the Pay Office, and to be henceforward charged, either so much per regiment of a given force, or so much per man.

21st. The present heavy current and postponed demands of the Pay Office against the Company to be arranged upon some footing of general equity, and some advertance in settling this account made to the share which the Company have been obliged to bear in foreign captures not retained by them, and to their having been constrained to maintain an European and native force, larger than what was required for the defence of the Peninsula, and other heavy expences.

22d. The Proprietors to be secured, as at present, in the receipt of their dividend of ten and a half per cent., upon the faith of which dividend the capital in 1793 was raised.

23d.

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23d. The whole of the surplus of the East-India Company to be appropriated to a diminution of their debts, until the debts be reduced to the sum of ten millions sterling. No. XX. Hints.

24th. The sums required by the East-India Company to liquidate the debt transferred from India to Europe, and becoming payable in 1812 and 1813, to be funded by the Minister, the interest of which shall be regularly paid into His Majesty's Exchequer by the Company, together with any such per centage, for the gradual liquidation of the capital or redemption of the fund, as shall be deemed proper by His Majesty's Ministers.

The twenty-fifth article did not form a part of the propositions submitted to Lord Melville, but is now introduced by the Committee of Correspondence, and is as follows, *viz.*

25th. That, in order to give the utmost possible extension to the commerce of private merchants, and at the same time to secure the Company's exclusive trade to and from China, private ships be not permitted to go farther eastward than Point Romania, at the entrance of the China Seas, and to the northward, not beyond the equinoctial line.

N.B. Should it be the intention of Government that private traders shall be excluded from the Spice Islands, the limits ought then to be for them not to go to the eastward of the Straits of Bally, nor to the northward of the Line.

No. XXI.

AT A

SECRET COMMITTEE OF CORRESPONDENCE,

The 18th March 1812.

The Chairman acquainted the Committee, that the Deputy and himself had yesterday waited on Lord Melville, and that his Lordship had appointed to-morrow, at one o'clock, for a conference with the Members of the Deputation. No. XXI. Secret Committee, 18 Mar. 1812

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No. XXI.

Secret Committee, 18 Mar. 1812

The Committee agreed to recommend to the Court to-day, that the Quarterly General Court, to be held on Wednesday, the 25th instant, be made special, for the purpose of laying before the Proprietors the Communications which have taken place between His Majesty's Government and the Court of Directors, respecting the renewal of the Company's Charter.

It was also

Resolved, That the papers containing the said communications be printed for the information of the Proprietors, and under the superintendance of the Assistant Secretary.

Draft of a Letter to Lord Melville, to be signed by the Members of the Deputation, requesting that a longer term than that which was fixed in 1793, may be granted for the renewal of the Company's exclusive privileges, was read and approved.

The Chairman calling the attention of the Committee to the correspondence which had passed between Lord Castlereagh and the Chairs at a former period, as to relieving the Proprietors of East-India Stock from the payment of the Income-tax on their dividends,

The same was read, *viz.*

Letters from the Chairs to Lord Castlereagh, dated the 2d December 1803 and 7th July 1804; and

Letters from his Lordship to the Chairs, dated 20th December 1803 and 12th September 1804.

Draft of a letter to be signed by the Deputation and addressed to Lord Melville upon that subject; and also submitting to his Lordship's consideration, the expediency of providing that the additional dividend of ten shillings per cent. paid on the Company's stock under the Act of the 33d of His present Majesty, cap. 52, sec. 124, may be paid out of the general profits of the Company.

No. XXII.

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No. XXII.

Correspondence *with the Right Honorable* Lord Viscount Castlereagh, *noticed in the preceding Minute.*

Letter from the Chairman *and* Deputy Chairman *to the Right Honorable* Lord Viscount Castlereagh.

No. XXII.

Correspondence with Lord Castlereagh.

My Lord, *East-India House, Dec. 2d,* 1803.

We have waited until we had obtained a distinct legal opinion from the Company's law adviser, with respect to the power possessed by the Company of paying the Property-tax out of the profits of the Company, previous to the declaration of a dividend to the Proprietors of East-India Stock.

But that opinion having been lately returned to us in a shape unfavorable to our hopes and expectations, we have received the injunctions of the Court of Directors to submit this opinion to your Lordship's consideration, and, at the same time, to express their hopes, that your Lordship and the rest of His Majesty's Ministers will think it just and advisable, that the power to which we have above referred should be granted to the Company by some legislative provision.

Upon this occasion we have to observe to your Lordship, that as the law at present stands, the Company are obliged to deduct the full amount of the tax in question from all the dividends payable to foreigners or other persons, however small the amount of their capital stock may be; although it is fairly questionable, how far the former is legally chargeable to this tax, in respect to those profits that may be presumed to arise from the Company's foreign possessions, and whether the latter, in some cases, may not be entitled to a partial, and in others to an entire return of the tax so retained, in respect of the smallness of the proprietors' incomes. We must also submit, that as the greater part of the other public Companies possess the power, and, as we understand, are disposed to exercise the means of discharging this tax out of their surplus profits, it must appear doubly irksome to the Proprietors of East-India Stock to seem an almost solitary exception to this general practice, particularly when they advert to the disposition which has, at all times, been evinced by them, cheerfully and

voluntarily

No. XXII.

Correspondence with Lord Castlereagh.

voluntarily, to come forward for the service of the State, even when their own immediate interests have thereby been placed at stake.

We feel the more freedom in pressing this point, because we, in common with your Lordship, have entertained an expectation, that the Public (after a war which has existed almost since the last renewal of the Company's exclusive trade) would have been placed in possession of the share of the Company's profits, secured to them by the Act of 1793, if the enormous taxes which the necessities of the State have rendered it necessary to impose upon teas and the other articles of the Company's Trade, and the inevitable expences of another war, had not placed a bar to those expectations, which we think might otherwise reasonably have been formed.

We therefore venture to express a sanguine hope, that under a proper consideration of all the circumstances of the present case; under a review of the very large sums annually paid to Government out of the Company's trade, amounting to not less than £3,200,000, as appears by the enclosed account, and which, in fact, ought in part to be considered as an anticipated partition of the Public out of the Indian revenues, since nothing short of a surplus in India would, we conceive, have enabled the Company to support them to the extent they are now imposed;—that, under a due attention to the benefits which even the Public themselves (when we advert to their interest, in the ultimate prosperity of the Company) may derive from an increased value to the price of the Company's stock, which may be affixed by such a measure, in case a commerce, extended beyond its present amount (an event not at all improbable), should hereafter demand additional funds to carry that commerce on;—and, finally, that under a consideration of what is due to the known and experienced liberality of the Company's efforts in the public service, your Lordship's interference, with the rest of His Majesty's Ministers, will be given, to assist what, we hope, may be considered in the light of the neither unjust or the unreasonable pretentions of the Court of Directors, in behalf of the body they represent upon the present occasion

We have the honor to be, My Lord,

Your most obedient humble servants,

(Signed) Jacob Bosanquet,

John Roberts.

The Right Honorable Lord Viscount Castlereagh,

&c. &c. &c.

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Letter from the Right Honorable Lord Viscount Castlereagh, *to the* Chairman *and* Deputy Chairman. No. XXII.

Ld. Melville's Letter.

GENTLEMEN, *Whitehall, 20th December*, 1803.

I have to acknowledge the honor of your letter of the 2d instant, on the subject of which I have had a very full and deliberate discussion with Mr. Addington.

We should both feel anxiously disposed to lend our aid to the accomplishment of any measure which had a tendency to accommodate the holders of East-India Stock, but under all the circumstances of the present case, regard being had to the existing appropriations under the act of 1793, the degree in which the funds at home and abroad may be affected by the peculiar circumstances of the present year, and the difficulty that must necessarily attach to the proposition, whether it be considered in the light of relieving from the tax a particular description of income arising from property, by throwing the same on other funds, or in that of a temporary and special increase of dividend to the Proprietors, we do not feel ourselves warranted in advising the Court to submit a bill for this purpose to Parliament.

We are further of opinion, that the relief sought by the measure is not of that magnitude, which should induce the Company to solicit this indulgence from Parliament, under the difficulties above stated; nor are we persuaded if, in point of fact, other corporate bodies have so relieved themselves from the tax, that the proceeding, on their part, however warranted by law, affords a precedent, which, in principle, the East-India Company, with an enlarged view to their own interests, should be solicitous to follow.

I have the honor to be, Gentlemen,

Your most obedient servant,

(*Signed*) CASTLEREAGH.

The Chairman and Deputy Chairman
of the East-India Company.

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No. XXII. *Letter from the* Chairman *and* Deputy Chairman *to the Right Honorable* Lord Viscount Castlereagh.

Chairman & Deputy's Letter.

MY LORD, *East-India House, the 7th July 1804.*

It is in consequence of the instructions of a General Court of Proprietors which lately assembled, to take into consideration the tax levied, in virtue of the 43d of the King, on the dividends payable on East-India stock, that we now take the liberty to address your Lordship again on that subject.

Notwithstanding the answer returned by your Lordship to the application which our predecessors in office made to you, under date the 2d December last, for the aid of His Majesty's Ministers, in order to relieve the holders of the Company's stock from the payment of the Property-tax out of their dividends, the Proprietors still think, that whether regard be had to the design and spirit of the Act of 1793, to the general state and circumstances of the Company, or to the peculiar situation of the Stock-holders, they are aggrieved by the operation given, in their case, to the Act imposing a tax on property.

It was after a full consideration and adjustment of the interests of all parties, the Public, the Company, and individuals, that on the renewal of the Charter, the dividend of the Stock-holders was fixed at ten and a half per cent. per annum. The law then made, in allowing it to rise to that rate, forbad it to go higher; and the reduction of it below that rate was left to the discretion of the Proprietors themselves. This was, therefore, understood to be the fixed certain income assigned to the Members of the Company, out of all its funds, territorial and commercial. And hence, we think, it may fairly be argued, that such a deliberate formal settlement cannot justly be disturbed, but by a proceeding equally direct and appropriate; and that no mere measure of taxation, having only a general aim, without any cognizance of the peculiar circumstances under which this arrangement was concluded, ought to defeat it, because if the contrary principle be once admitted, whilst the Public is still immensely benefited by Indian revenue and trade, and all the other classes of subjects connected with them continue to derive the advantages provided for them, the Proprietors of that stock, which has been the foundation and support of the whole, may absolutely be divested of all the dividend they were to receive from it. We think,

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think, therefore, it may be contended, that conformably to the spirit of the Act of 1793, the Property-tax should not operate upon the dividend, but be a charge upon the general funds of the Company. No.XXII. Chairman & Deputy's Letter.

This will appear more reasonable, if it be considered that very many of the Proprietors of India stock, who have held that stock long, receive no more on the cost of it than the common interest of money, namely five per cent, whilst their property is exposed to the influence of all the adverse contingencies to which the Company's affairs are liable; and whilst the Company, that is to say, those Proprietors in their collective capacity, serve as the channel, or medium, by which immense advantages are diffused through the nation, in its commerce, its revenues, and the wealth of all the successive races of British subjects, employed in or connected with their territories and affairs. These just observations acquire now a peculiar force, when, in duties and customs alone, the Eastern commerce pays to the State £3,226,000 per annum, and when the receipts of the Company, for the last twelve months, are diminished near a million sterling, in consequence of the new and excessive duties imposed on their trade.

We are unwilling to urge the liberality which the Company has on all occasions manifested, to aid, according to its means, the exertions of the State; but the duty imposed on us by our Constituents requires that liberality should be noticed on the present occasion. By subscribing for two millions of the Loyalty Loan in 1797, the Company lost the sum of £200,000. The three compleat and effective regiments of volunteers, which they have maintained for a number of years past, have cost them very large sums; and the last aid given by them in shipping, on the particular suggestion of Government, is a new instance of the promptitude and alacrity, with which they devote their funds to the support of the public interest.

After all these contributions, it has appeared ungracious to the Proprietors, that whilst other public bodies, which had not given so largely to the wants of the State, were allowed to defray the Property-tax out of their general funds, the Proprietors of East-India Stock were required to charge the modicum they received for the use of their own money, and for being the agents in such vast concerns, with a tax, hard upon them though unimportant in its amount to the Public, and from which, they conceive, the Act of 1793 ought to protect the dividend then accorded to them.

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No. XXII.

Chairman & Deputy's Letter.

When our predecessors in office mentioned a reference to Parliament, they probably had no more in view than some supposed necessity of a modification of the Property-tax; but we humbly apprehend that, in order to exonerate the Proprietors, individually, from the payment of the tax, no such reference is necessary, since for engaging in the Loyalty Loan, for forming the three regiments of volunteers, and for the late aid of shipping, it was thought sufficient that His Majesty's Ministers should consent to the defraying of the charges arising from these measures, out of the general funds of the Company.

Wishing to state nothing upon this subject, but what appears to us naturally to grow out of it, we shall only add, that the effect of the imposed tax upon the value of the Company's stock must be very obvious, since the dividend receivable upon any public fund is, in fact, the measure of its value in the market, and every reduction, by whatever means, effected in the produce of any stock, is in reality a reduction in the worth of the capital; and, accordingly, we find that the stock of the India Company, compared with that of the Bank, sells at a price disproportionably low.

Upon all these grounds, with those which have been before urged, we cannot but request and hope, that as the determination of the point which our Constituents, not from interest only, but from various other motives, have so much at heart, seems not to depend upon any revisionary proceeding of Parliament (which however, if necessary, we should still urgently desire) but upon the acquiescence of His Majesty's Ministers, we cannot but earnestly request and hope, that it will seem expedient to your Lordship to add your own recommendation to this representation, and that you will have the goodness to submit both to the Chancellor of His Majesty's Exchequer.

We have the honor to be, My Lord,

Your most obedient humble servants,

(*Signed*) W. F. Elphinstone,
Charles Grant.

The Right Honorable Lord Viscount Castlereagh,
&c. &c. &c.

Letter

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LETTER *from the Right Honorable* Lord Viscount Castlereagh *to the* Chairman *and* Deputy Chairman.

No. XXII.

Lord Castlereagh's Letter.

GENTLEMEN, *India Board*, 12*th September* 1804.

In compliance with the desire of the Court of Proprietors, as expressed in your letter of the 7th July last, I have reconsidered, with the most earnest disposition at all times to promote their wishes, the opinion which I before presumed to express, on the propriety of their dividends being discharged from any deduction on account of the late tax upon property, by causing the same to be paid out of the general funds of the Company, and I have also communicated with Mr. Pitt on this subject.

Notwithstanding the very ingenious reasoning contained in your Letter, we are clearly of opinion, that a payment of this nature, directed to the individual emolument of the Proprietors of India Stock, and not in any respect to the public service of the Company, cannot be issued, under the existing appropriations affecting their funds, without the express sanction of Parliament.

Had the tax been directly imposed on income, as under the former law, we apprehend it never would have suggested itself to the Court of Proprietors, that income derived from the dividends of the Company should enjoy any partial exemption. The policy of the Legislature has recently been, to apply the tax to the sources of income, rather than to levy it, as formerly, upon the statement of the possessor. It does not appear to us, that this change in the mode of assessment can justify a claim to personal relief from the tax itself. If not, the proposition resolves itself either into an encreased dividend, or into a new appropriation of the net proceeds, enabling the Company to charge the tax on their funds generally, as some other Corporations have done, who are sole proprietors in such funds. This opens so large a question *in principle*, and for *so small* an object, either as it affects the interest of the Public or the individual Proprietors, that I should conceive, under all the circumstances, the Court will not feel disposed to press it at such a moment upon the attention of Parliament.

I have the honor to be, Gentlemen,

Your most obedient humble servant,

(*Signed*) CASTLEREAGH.

The Chairman and Deputy Chairman of the East-India Company.

No. XXIII.

AT A

SECRET COURT OF DIRECTORS,

Held on Wednesday, the 18th March 1812.

No. XXIII — Secret Court, 18 Mar. 1812

The Chairman from the Committee of Correspondence laying before the Court draft of a letter to Lord Melville, to be signed by the Deputation, requesting that a longer term than that which was fixed in 1793 may be granted for the renewal of the Company's exclusive privileges, the same was read and approved; as was also

Draft of a letter to his Lordship, to be signed by the Deputation, submitting to his consideration the expediency of providing, that the additional dividend of ten shillings per cent. paid on the Company's stock, under the act of the 33d of his present Majesty, cap. 52, sec. 124, may be paid out of the general profits of the Company; and also, that authority may be given to make the Property-duty on the dividends a charge on those profits.

No. XXIV.

Letter *from the* **Deputation** *to the Right Honourable* **Lord Viscount Melville,** *noticed in the preceding Minute.*

No. XXIV — Deputation Letter.

My Lord, *East-India House,* 18*th March* 1812.

Although we are aware that this may not be considered the proper time to discuss the term of years for which the exclusive privileges of the Company should be renewed, yet, under the prospect of your Lordship's soon leaving the India Board, we are anxious to avoid any delay, in requesting your Lordship's attention to that point.

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On reference to the negociations in 1793, we observe that the principal ground on which the Company founded their application for a renewal of their privileges for a long term, was, that sufficient time might be allowed for the liquidation of their debts at interest in India, the amount of which, at that period, was seven millions sterling. The term then granted was twenty years, from the 1st of March 1794, including the usual notice of three years, this term being considered adequate to the object in view. No.XXIV

Deputation Letter.

The Company's debts at interest in India are now supposed to amount to twenty-five millions sterling, exclusive of the debt in Europe; we trust, therefore, it will be evident, that a longer term than that which was granted in 1793 is indispensable, to admit of the gradual reduction of the present debt, and the effectual operation of any measures which may be determined on for that purpose.

Without mentioning any particular term, we take the liberty of referring your Lordship to the Act of the 3d of George II. cap. 14, to shew that a longer period than that granted in 1793 has been conceded; and as, under every view of the subject, considering the contingencies of war, or other interruption, we are convinced of the necessity of a more extended term, for the purposes of liquidating debts of such magnitude, and of restoring the Company's affairs to that state of prosperity, which is essential both to them and the Public. We rely with confidence on your Lordship's concurrence in the opinion we have submitted.

We have the honor to be, with the greatest respect,

Your Lordship's most obedient, humble Servants,

(*Signed*) Jacob Bosanquet,
Hugh Inglis,
W. F. Elphinstone,
Edward Parry.

The Right Hon. Lord Viscount Melville,
&c. &c. &c.

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No. XXV.

No. XXV.

Deputation Letter.

LETTER from the DEPUTATION to the Right Honorable Lord Viscount MELVILLE, also noticed in the preceding Minute.

MY LORD, *East-India House, 19th March 1812.*

In addition to the subject on which we had the honor to address your Lordship yesterday, there are two points to which we are very desirous of calling your attention, before yonr Lordship leaves the India Board.

The first point, which is mentioned in the hints submitted to your Lordship on the 4th instant, is the dividend of ten shillings per cent. paid to the Proprietors, under the Act of the 33d of His present Majesty, cap. 52, sec. 124, from the separate fund of the Company.

When it was in contemplation to increase the capital stock of the Company in 1797, it was found that the payment of this dividend to the Proprietors of the new stock would have exhausted the separate fund, previous to the expiration of the present term of the Company's exclusive trade. To guard against this, a clause was inserted in the Act of 37th of His Majesty, cap. 31, authorizing the payment of a dividend of ten shillings per cent. to the Proprietors of the increased stock, from the annual profits of the Company's trade.

The additional stock has not been raised, and the separate fund has been found adequate to the payment of the dividend of ten shillings per cent. upon the existing capital hitherto, and will continue to be so until the year 1819, when it will be nearly exhausted.

As the Proprietors have derived from the dividends little more than five per cent. on the capital, it appears to us that, on the renewal of the Company's privileges, they may entertain a reasonable expectation of continuing to receive this addition of ten shillings to the usual dividend of £10 per cent.; and as the separate fund will not, as stated above, be sufficient for the purpose, during any probable term, for which the renewal may be granted, we take the liberty of submitting to your Lordship's consideration the expediency of providing for the additional dividend, out of the general profits of the Company.

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The other point to which we request your Lordship's attention is, the payment of the Property-duty on the dividends. The Court of Directors and the Proprietors have always considered it a hardship, that this duty was not allowed to be paid from the profits of the Company; we have the honor to enclose copies of letters on this subject, which were addressed to Lord Castlereagh in 1803 and 1804, and we flatter ourselves that the arguments they contain will induce your Lordship, when the question of renewing the privileges of the Company is under discussion, to recommend that authority may be given to make the Property-duty on the dividends a charge on the general profits of the Company. No.XXV. Deputation Letter.

As the profits of the Company were specifically appropriated by the Act of 1793, some difficulty may possibly, from that circumstance, have occurred in conceding this point; but as, in any new arrangement, the subject of appropriation will necessarily undergo considerable modification, we should hope that the objection formerly urged may easily be obviated.

If it should be finally determined, that the surrender of any considerable proportion of the exclusive privileges of the Company is to be made, it appears to be the more necessary, that some boon should be held out to the Proprietors, in alleviation of the sacrifices to which their consent may be required; we hope, therefore, we may be permitted to indulge a confident expectation of your Lordship's favorable consideration of the points now submitted.

We have the honor to be, My Lord,

Your Lordship's most obedient humble servants,

(*Signed*) Jacob Bosanquet,
Hugh Inglis,
W. H. Elphinstone,
Edward Parry,
Charles Mills.

The Right Honorable
Lord Viscount Melville,
&c. &c. &c.

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No. XXVI.

AT A

SECRET COURT OF DIRECTORS,

Held on Tuesday, the 24th March 1812.

No. XXVI — Secret Court, 24 Mar. 1812

The Chairman from the Committee of Correspondence laid before the Court a letter from Lord Melville to the Chairman and Deputy, dated the 21st instant, stating his sentiments in reply to their letter of the 4th instant, and enclosing

A paper containing "Observations on the Hints suggested by the Deputation of the Court of Directors, 3d March 1812."

The Chairman also laid before the Court a letter from Lord Melville to the Chairman and Deputy, dated the 23d instant, in reply to the two letters which the Deputation from the Court of Directors addressed to his Lordship on the 18th and 19th instant.

The same were read.

The Chairman then moving the Court,

Ordered, That the several papers now read, together with the other correspondence, which has passed, respecting the negociation for the renewal of the Company's exclusive privileges, be laid before the General Court to be held to-morrow, and printed, as speedily as possible, for the information of the Proprietors.

No. XXVII.

XXVII. — Ld. Melville's Letter.

Letter *from the Right Honorable* Lord Viscount Melville *to the* Chairman *and* Deputy Chairman, *noticed in the preceding Minute.*

Gentlemen, *India Board*, 21*st March* 1812.

I have delayed answering your letter of the 4th instant (received the 5th) until I could transmit to you, at the same time, replies to the several propositions

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positions brought forward by the Deputation of the Court of Directors, at our conference on the 4th instant. XXVII. Ld. Melville's Letter.

In submitting to you these observations, however, I beg to be distinctly understood, as conveying to you only the present sentiments of His Majesty's Government on the several points to which the propositions relate. Public discussion on such an important question, may possibly produce an alteration of opinion on some of the details; and though the subject has been fully considered, it may be deemed necessary, in the further progress of the measure, to propose, on some points, regulations of a different description from those which are suggested in the enclosed observations.

The Court of Directors are perfectly correct in supposing that it is now, as it has been for a considerable time past, the fixed intention of His Majesty's Government, to withhold their concurrence from any proposition which might be submitted to Parliament for continuing to the East-India Company their privileges of exclusive trade on their present footing. It is unnecessary now to discuss, whether the provisions of the Act of 1793 (by which the Company's monopoly was so far relaxed, as to admit the goods of private merchants to be conveyed in the Company's ships) have in any degree fulfilled the expectations or intentions of the Legislature. It will not be denied, that the facilities granted by that act have not been satisfactory, at least to the merchants, either of this country or of India. They have been the source of constant dispute, and they have even entailed a heavy expence upon the Company, without affording to the Public any adequate benefit from such a sacrifice. You will do me the justice to recollect, that in all our discussions on this subject, both recently and on former occasions, the admission of the ships of merchants in this country into the trade of India, in concurrence with those of the Company, has never been urged as a measure, from which much immediate benefit would, in my opinion, be derived, either to the country or to the individuals who might embark in the speculation; and I certainly am not without considerable apprehension, that, at least on the first opening of the trade, the public expectation, as to the British territories in India affording any considerable outlet for British manufactures, beyond the amount of our present exports, may be disappointed. On that admission, however, and on the necessity of guarding against the unrestrained intercourse of Europeans with the territories of the Company, or of the native States in India,

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XXVII. Ld. Melville's Letter. (in which also I fully concur), nearly the whole of the arguments adduced by the Court of Directors against any opening of the trade are founded. But it must be recollected, that in determining the question, as to continuing the whole or a part of the Company's monopoly, it will be the duty of Parliament to consider, not merely whether it may be safe to prolong it, but whether it may be unsafe to abridge or abolish it. As far as relates to the trade with India, and several other countries included within the limits of the Company's Charter, the Court do not appear to have succeeded in establishing the proposition, that any detriment will arise to the public interest, either in this country or in India, or ultimately even to the interest of the Company themselves, from the introduction of private adventurers. If the Company carry on their trade more expensively and with less activity and industry than private individuals, it is unjust to the country, as well as to the inhabitants of British India, that the exclusive monopoly should be continued; and in such a state of things, the trade is more likely to be advantageous to the country, and beneficial to the individuals in their hands, than in those of the Company: but if the latter shall conduct it with skill and enterprize, and with due and unremitting attention to economy, the extent of their capital, and the superior facilities which they must continue to possess, of providing their investment in India at the cheapest rate, will undoubtedly afford them the means of successful rivalship with all other competitors.

In adverting, in your letter of the 4th instant, to the statement contained in mine of the 17th December, on the proposed transfer of the Company's army to the Crown, you do not appear to have understood accurately the purport of my suggestion. I entertained no doubt, as to the expediency of continuing to the Company's Governments in India the supremacy of their military, as well as civil authority: but though various regulations may possibly be necessary, with a view to promote the discipline and efficiency of the army in India, I am not aware, that any legislative enactments are requisite, except as to the amount of force which His Majesty may be empowered to maintain in India, at the expence of the Company, and perhaps also some provisions, in regard to the relative powers of the Board of Commissioners and the Court of Directors.

In your letter of the 4th instant, you advert to the question as to how far it may be expedient to admit into the trade with this country, ships built in India and

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and manned with Indian seamen. This is undoubtedly an important consideration, as it involves in it, to a certain extent, a departure from the principles on which the navigation system of this country has hitherto been conducted. As far as the East-India Company is concerned, it will probably be necessary to leave the matter on its present footing, during the continuance of the war; but if the trade with India is to be opened to all British ships, in the manner already pointed out, there seems to be no sufficient reason for breaking in upon the system of our navigation laws, by permitting any other than British ships, with a due proportion of British seamen, to import colonial produce into the United Kingdom. XXVII.

Ld. Melville's Letter.

I have not thought it requisite, in this letter, to trouble you with any observations on several points adverted to in your's of the 4th instant, which are also noticed in the enclosed paper of hints and of replies to the several propositions. I shall abstain, also, from any remarks on the calculations detailed in your letter, and which are introduced more with the view, as I conceive, to vindicate the Company in their past management of the exclusive trade to India and the government of their territorial possessions, than to any practical results to be derived from your statement, in relation to the matters at present in discussion between His Majesty's Government and the Court of Directors. The Committee of the House of Commons on East-India Affairs have already submitted to the House detailed statements on that part of the subject, and in any further reports which they may present they will probably complete the investigation.

I am, Gentlemen,

Your most obedient humble servant,

(Signed) Melville.

To the Chairman and Deputy Chairman
of the East-India Company.

No. XXVIII.

No. XXVIII.

Observations on *the Hints suggested by the* Deputation *of the* Court *of* Directors, *3d March* 1812, *adverted to in the foregoing Letter.*

XXVIII. Observations on Hints.

1st, 2d, and 3d. It is deemed advisable, with a view to the security of the revenue and to other objects connected with the trade to China, to leave it on its present footing, and to guard, by proper regulations, against any encroachment on that branch of the Company's exclusive privilege.

4th. This proposition ought to be acceded to; with the reservation, however, that the Governments in India ought to be restricted from imposing new duties, without the previous sanction of the authorities in England.

5th. The Company are understood to have, in some degree, the power of regulating the internal trade of saltpetre in India; it appears, therefore, to be scarcely necessary to impose any other restrictions on the exportation of saltpetre from India, than such as may be deemed expedient for political objects, especially in time of war.

6th. The adoption of the regulation suggested in this proposition, will probably tend to the security and advantage of the public revenue, in collecting the duties on all articles imported from the East-Indies and China, as well as other countries to the eastward of the Cape of Good Hope.

7th. The Company ought at least to be indemnified from the charges incurred by this management.

8th. There does not appear to exist any sufficient reason for preventing ships from clearing out for the East-Indies from other ports of the United Kingdom besides the port of London.

9th. It will be necessary, either by the regulations suggested in this proposition, or by others of a similar description, to guard against the evil therein described.

10th.

10th. It will probably be necessary to regulate the exportation of military stores to the East-Indies, and also of naval stores in time of war. XXVIII.

11th. It is understood that the object of this proposition is to secure to the manufacturers of piece goods in India the continuance of regular and constant employment, under the same system of local management, for their benefit, which prevails at present. If that object is likely to be attained, without continuing the restrictions mentioned in this proposition, it certainly would be desirable that they should cease, except in so far as it may be necessary to regulate the importation of Indian piece goods, with a view to the protection of British manufactures. Observations on Hints.

12th. As no such restriction exists at present in the importation of silk by private merchants, and as the reasons which have hitherto been adduced, on the part of the Court of Directors, for establishing such a regulation, though entitled to much consideration, do not appear to be conclusive, it will scarcely be deemed expedient to agree to this proposal.

13th. This suggestion appears to be perfectly reasonable.

14th. It is understood, that this proposition is founded on a principle of guarding against the dangers to which vessels of less burthen than four hundred tons would be exposed on a voyage to the East-Indies, and also of providing for the security of the revenue, which might be affected by permitting importations in smaller vessels. These reasons, though entitled to due consideration, do not appear to be sufficiently strong to justify the proposed restriction, or the making a distinction, in that respect, between ships trading to the East-Indies and to other countries.

15th. This seems to be reasonable.

16th. It will be necessary to provide, by proper regulations, for the care and maintenance of these persons, and for their return to the East-Indies.

17th. This proposal would be wholly inadmissible, unless it were limited to such unexpired engagements as do not extend beyond March 1814, when the Company's present term of exclusive privileges will expire; but the Public may fairly look to the Company to bear this burthen, as a compensation, to a certain extent, for the continuance of the exclusive trade to China.

18th. It will be indispensably necessary, for the purpose of guarding against the inconvenience herein alluded to, that the existing restrictions shall be continued,

XXVIII. continued, with such alterations as may be requisite, in the new system of trade.

Observations on Hints.

19th. The number of His Majesty's forces to be maintained by the East-India Company may, without inconvenience, be limited, as herein suggested. It will be necessary, however, in consequence of the increased extent of the British territories in India, since the passing of the Act by which the number is at present regulated, that a considerable addition should be made to it.

20th. It will be necessary, that the present system of accounting between the East-India Company and the Paymaster General should be abolished, and new regulations enacted.

21st. These demands must necessarily be arranged on the principles suggested by the Committees of the House of Commons, who have reported upon the subject of the accounts herein referred to. If it were necessary or proper, in discussing the future regulations which it may be deemed advisable to establish, respecting the affairs of the East India Company, there would be no difficulty in demonstrating, that the amount of force maintained in India has not gone beyond what was requisite for the defence and security of the Company's possessions, and for other operations, intimately and inseparably connected with those objects.

22d. The Proprietors ought to be secured, as at present, in their dividend of ten and a half per cent.

23d. The whole of the surplus funds of the East-India Company, at home and abroad, ought to be applied, in the first instance, to the reduction of debt, till it is reduced in India to the sum of ten millions, and the bond debt at home, to the sum of three millions, after providing for a proportionate encrease of the capital stock of the Company, if they shall think fit to avail themselves of the power now vested in them by law to that effect.

24th. It is intended to submit to Parliament a proposition to that effect, or similar in substance.

25th. If the object adverted to in this proposition can be obtained, by exclusion from the dominions of the Emperor of China, and a prohibition to import the produce of that country without license from the Company, it will be preferable to the mode herein suggested. There seems to be no reason for excluding the private trade from the Spice Islands.

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No. XXIX.

Letter *from the Right Honorable* **Lord Viscount Melville** *to the* **Chairman** *and* **Deputy Chairman**, *also noticed in the Minute above-mentioned.*

Gentlemen, India Board, 23d March 1812.

I have had the honor to receive the two letters which the Deputation from the Court of Directors addressed to me, on the 18th and 19th instant. XXIX. Ld. Melville's Letter.

It is undoubtedly reasonable, that the further term now proposed to be granted to the East-India Company of their privileges of exclusive trade and the government of the British territorial possessions in India, should be for such a period, as may be sufficient, if unforeseen contingencies do not arise, to produce a considerable reduction of the debt, both in India and at home. The experience, however, of the last twenty years, has sufficiently demonstrated, that it is impossible to calculate, with any degree of accuracy, on what may be the state of the Company's affairs in India at the expiry of another period of the same duration. If they are prosperous, the same term as was granted in 1793 will be sufficient for the purposes described in your letter of the 18th; but if untoward events shall occur, and the Company shall be again engaged in expensive wars, it will be desirable that Parliament should have the opportunity of reconsidering the subject, and of making such new provisions as the case may appear to require. Under those circumstances, I do not think it will be advisable to propose a longer term than what was granted by the Act of 1793, *viz.* twenty years from the expiry of the existing period, with three years previous notice.

I have no hesitation in admitting that the suggestion in your Letter of the 19th instant, relative to the continuance of the dividend of ten shillings per cent. on the existing capital of the East-India Company, after the separate fund shall be exhausted, is reasonable, and that it will be proper to comply with it.

Your

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XXIX.

Ld. Melville's Letter.

Your proposition, in regard to the payment of the Property-tax, requires much more consideration, and I cannot, at present, bring myself to concur in the expediency of agreeing to submit it to Parliament. A confident expectation may be entertained, from the state of the Company's revenues in India, and from the reduction of expense which has already taken place, or which may still be effected, both at home and abroad, by means completely within your power, that a large annual surplus will be available towards the reduction of debt; but when it is recollected, that though the amount of the debt in India has recently been considerably diminished, it has been proportionably encreased at home, and considering, also, that provision must be made, for the possible contingency of the Company having to pay, in this country, the interest, not only of their large debt at home but also of the whole debt of India, I do not think that it would be wise or prudent, at least till after the experience of a few years, to make an addition to the permanent charges of the Company at home, to the amount of the Property-tax upon their dividends.

I am, Gentlemen,

Your most obedient humble servant,

(*Signed*) MELVILLE.

The Chairman and Deputy Chairman
of the East-India Company.

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